

087043

JPRS-LAM-86-011

27 January 1986

19980831  
134

# Latin America Report

DTIC QUALITY IMPROVED

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY  
NATIONAL TECHNICAL  
INFORMATION SERVICE  
U.S. DEPARTMENT OF COMMERCE  
SPRINGFIELD, VA. 22161

5  
150  
A07

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

27 January 1986

## LATIN AMERICA REPORT

## CONTENTS

## INTER-AMERICAN AFFAIRS

World Bank Approves IDA Aid to Five OECS States (CANA, 26 Dec 85) .....	1
--	---

Report on CBI Details Caribbean Exports to U.S. (CANA, 21 Dec 85) .....	3
--	---

## BERMUDA

Election Results Bring Political, Government Shake-Ups (Various sources, various dates) .....	4
--	---

PLP Attack on NLP	4
Senate Changes	5
UBP Senators	5
PLP Leader's Views	6
Union Pressure on PLP	8
NLP Wooing of Unions	9
PLP Shadow Cabinet	10
NLP Leadership Changes	11
NLP Spat With Union Organ	12
NLP Fund-Raising Plans	13
UBP Constitutional Changes	13
NLP Rally	14
New PLP Chairman	15
PLP Senate Spokesman	15

Throne Speech Draws Quick Reaction From Opposition (THE ROYAL GAZETTE, various dates) .....	16
--	----

Text of Speech	16
Initial Opposition Questions	19
Swan-PLP Exchange	19

Police Commissioner Says Big Drug Dealers Are Known (THE ROYAL GAZETTE, 3 Dec 85) .....	21
--	----

Drug Dealers, Families Would Be Hit Under New Law (THE ROYAL GAZETTE, 7 Dec 85) .....	22
--	----

BRAZIL

PT President Luiz da Silva Interviewed; Brizola Criticism (Various sources, various dates) .....	23
18 December Interview; Luiz Inacio da Silva Interview Brizola Criticizes Statement .....	23
Briefs	
Drought Losses in Mato Grosso Assessed .....	29
Missionaries Kidnapped in Angola .....	29

CHILE

Pinochet Luncheons Seen Significant Public Relations Gambit (M. Ester Roblero; QUE PASA, 28 Nov 85) .....	30
Ex-Senator Responds to Critics of Valdes' Speech at Rally (Juan Hamilton Interview; COSAS, 28 Nov 85) .....	33
Secure Vehicle for Pope's Visit Designed (EL MERCURIO, 2 Dec 85) .....	39
La Escondida Zinc Production Expected To Begin in 1990 (EL MERCURIO, 30 Nov 85) .....	41

COLOMBIA

Administration Seeks Funds To Pay 1986 Export Certificates (EL ESPECTADOR, 14 Nov 85) .....	43
Background of Proposed Oil Pipeline Negotiations Traced (Dario Fernando Patino; EL ESPECTADOR, 13 Nov 85) .....	44
Television Show Arouses Awareness of Foreign Oil Privileges (Dario Fernando Patino; EL ESPECTADOR, 20 Nov 85) .....	51

CUBA

Havana Archbishop on Relations With State, Church Attendance (Jaime Ortega Interview; MENSAJE, No 345, Dec 85) .....	55
Savings Bank Urges Renters To Apply for Ownership (BOHEMIA, No 47, 22 Nov 85) .....	59
Briefs	
USSR Receiving Display Monitors .....	61

**ECUADOR****Briefs**

Febres To Visit U.S.	62
Legislators To Visit Cuba	62

**GUYANA**

Government Studying UN Proposals on Essequibo Issue (CANA, 21 Dec 85) .....	63
--	----

Government Actions Toward Church Leaders Spark Row (Various sources, various dates) .....	64
--	----

Catholic Church's Charges	64
Kirton Comments	64
Archbishop's Expulsion	65

**JAMAICA**

Opposition PNP Consulting on Development of Media Policy (THE DAILY GLEANER, 4 Dec 85) .....	66
---	----

Seaga Backs Down on Government Ownership in Broadcasting (TRINIDAD GUARDIAN, 19 Dec 85) .....	67
--	----

Government Introduces Bill To Insure Broadcasting Impartiality (THE DAILY GLEANER, 4 Dec 85) .....	68
---	----

World Bank Loan, Rescheduling of Debts Secured (CANA, various dates) .....	70
---	----

Loan for Power Company	70
Agreement With Japan	71
Agreements With Britain	72

Possible U.S. Protection of Ethanol Could Affect Exports (THE DAILY GLEANER, 30 Nov 85) .....	73
--	----

Bauxite Production, Exports Showing Decline (Various sources, various dates) .....	74
---	----

Drop in Output, by Paget de Freitas 1985 Exports	74
	75

Fourth Government Payment to Sugar Producers Slated (THE DAILY GLEANER, 30 Nov 85) .....	77
---	----

**Briefs**

Trade Deficit	78
Canadian Fertilizer	78

MEXICO

Briefs

Arid Lands Agreement With Argentina 79

NETHERLANDS ANTILLES

New Law Limits Government Borrowing From Central Bank  
(CANA, 2 Jan 86) ..... 80

NICARAGUA

PPSC Leader on National Assembly, Church-State Relations  
(BARRICADA INTERNACIONAL, 12 Dec 85) ..... 81

Atlantic Coast African Palm Production Described  
(BARRICADA INTERNACIONAL, 14 Nov 85) ..... 83

Financial, Work Force Difficulties  
Cooperative Project Successful 83  
84

PANAMA

PRD Letter to President Includes Views on Foreign Debt  
(Eric Arturo Delvalle; CRITICA, 27 Dec 85) ..... 86

PARAGUAY

Government Seeks Openings Outside Southern Cone  
(Francisco Figueroa; EFE, 27 Dec 85) ..... 92

Labor Leader Criticizes Union-Freedom Law  
(LA TARDE, 23 Dec 85) ..... 95

Effects of Foreign Debt Service Evaluated  
(ULTIMA HORA, 4 Jan 86) ..... 96

PERU

PUM's Diez Canseco: 'We Will Respond With Violence'  
(Javier Diez Canseco Interview; EL DIARIO DE MARKA,  
24 Nov 85) ..... 98

Newspaper Calls APRA Labor Bill Negative, Reactionary  
(Teodosio Gilvonio Conde; EL DIARIO DE MARKA, 29 Nov 85). 106

Czech Firms Exhibiting Machinery, Equipment at Lima Fair  
(UNIDAD, 21 Nov 85) ..... 110

15 USSR Foreign Trade Entities Exhibit at International Fair  
(UNIDAD, 21 Nov 85) ..... 113

ST LUCIA

Government Silent on Top Policeman's Absence From Job  
(DAILY NATION, 11 Dec 85) ..... 115

Briefs

Mallet on Trinidad Devaluation 117

ST VINCENT AND THE GRENADINES

Paper Urges Better Coast Guard for Fight on Drug Smuggling  
(Editorial; THE VINCENTIAN, 29 Nov 85) ..... 118

Mitchell Predicts Economic Boom in New Year  
(CANA, 26 Dec 85) ..... 120

TRINIDAD AND TOBAGO

Further Reportage on Proposed 1986 Budget, Reaction  
(Various sources, various dates) ..... 121

Details on Exchange Rate 121  
Economic Stimulation 123  
Stimulation of Investment 125  
Criticism of Devaluation, by Jerry Johnson 126  
Foreign Exchange Reserves 128  
Panday Response, by David Renwick 128  
NAR Views, by Ria Taitt 130  
Union Reservations 130  
Press Criticism 131  
Revenue Data 133

Briefs

Caroni Layoffs 134

URUGUAY

PIT-CNT Document Examines Developments, Perspectives  
(BUSQUEDA, 14 Nov 85) ..... 135

Sendic on Present Plans for Tupamaro Organization  
(Raul Sendic; EL PERIODISTA, 7 Nov 85) ..... 141

INTER-AMERICAN AFFAIRS

WORLD BANK APPROVES IDA AID TO FIVE OECS STATES

FL261935 Bridgetown CANA in English 1748 GMT 26 Dec 85

[Text] Washington, Dec 26--Five members of the Organisation of Eastern Caribbean States (OECS) will receive limited amounts of concessional assistance on a temporary basis through the World Bank's soft loan affiliate--the International Development Association (IDA), the World Bank reported today.

The OECS beneficiaries, all members of the World Bank, are Dominica, Grenada, St Lucia, St Christopher and Nevis, and St Vincent and the Grenadines.

The OECS comprises seven countries, including Antigua and Barbuda and Montserrat. They had been complaining about the possibility of not having access to IDA funds because of their high per capita incomes.

Today's World Bank statement said the benefits could also apply to the Pacific Kingdom of Tonga, when the current analysis of its per capita income and creditworthiness is completed.

The five Eastern Caribbean countries to receive concessional aid have per capita incomes about 790 U.S. dollars, the level beyond which countries normally are not eligible to receive IDA funds. The per capita income of the five countries range from 880 U.S. dollars to 1,390 dollars.

These temporary measures were adopted by the World Bank's executive directors because the countries are considered only marginally creditworthy for the purposes of the World Bank (the International Bank for Reconstruction and Development), the statement said.

Furthermore, while they need to adjust their economic structures, their economic performance is, overall, considered to be adequate, the statement said.

The assistance will take two forms. Firstly, funding could be provided for two development projects currently being prepared for consideration in fiscal years 1986 and 1987.

Secondly, an IDA allocation to be determined for the IDA's eighth replenishment period (1988-90) will be considered in the light of historical lending levels to these countries and the availability of IDA resources.

The allocation would be used to finance projects and adjustment programmes designed to strengthen the creditworthiness of these countries.

Over the past decade, the World Bank has lent 29 million U.S. dollars to the Eastern Caribbean countries, either directly or through the Caribbean Development Bank. Virtually all of this lending has been in the form of IDA credits.

/7358

CSO: 3298/235

INTER-AMERICAN AFFAIRS

REPORT ON CBI DETAILS CARIBBEAN EXPORTS TO U.S.

FL211709 Bridgetown CANA in English 1631 GMT 21 Dec 85

[Text] Port-of-Spain, Dec 21--Trinidad and Tobago's exports to the United States under the Caribbean Basin Initiative (CBI) rose by U.S.2.8 million dollars for the first half of this year, compared with the corresponding period in 1984, according to a government economic review tabled in Parliament here.

The January to June sales abroad hit U.S.7.2 million dollars this year, compared with U.S.4.4 million in the 1984 first half. The increase was 63.6 per cent.

A table of U.S. imports from other Caribbean community (Caricom) countries under the CBI shows that the earnings of Belize, St Christopher-Nevis and St Lucia went up by U.S.1.3 million, U.S.1.5 million dollars, and U.S.0.3 million respectively over the 1985 first half.

Imports from Barbados and Jamaica declined by U.S.0.5 million dollars and U.S.12.2 million dollars, respectively.

Barbados, whose CBI exports totalled U.S.6.4 million dollars January to June 1984, exported U.S.5.9 million worth for the same period this year. Jamaica's CBI exports declined from U.S.32.6 million to U.S.20.4 million, according to the table prepared by the government's statistical department.

In the case of Trinidad and Tobago, reads the review, there has been no significant increase in exports, nor has this country attracted any appreciable investment as a result of the establishment of the CBI.

This could in part be attributed to the fact that Trinidad and Tobago's major exports such as petroleum products, steel and fertilisers are not covered by the initiative.

In addition, the thrust in export development in respect of non-oil products has not yet gained full momentum, thereby limiting this country's capacity in this area of activity.

Centerpiece of Washington's two-year-old CBI is 12 years of duty free treatment for most exports from beneficiary countries in the Caribbean and Central America.

/7358  
CSO: 3298/235

BERMUDA

## ELECTION RESULTS BRING POLITICAL, GOVERNMENT SHAKE-UPS

### PLP Attack on NLP

Hamilton THE ROYAL GAZETTE in English 4 Nov 85 p 3

[Text]

Progressive Labour Party officials have stepped up an attack on the fledgling National Liberal Party and blamed it for preventing the Opposition holding 15 House of Assembly seats.

Public Relations Officer Sen. David Allen said a record low turnout of voters had been caused by disenchanted PLP supporters staying away from the ballot boxes.

This had allowed United Bermuda Party candidates to win seats in marginal constituencies, although they polled less votes than in the 1983 General Election.

He said: "People were demoralised because there wasn't a united Opposition. If there had not been the split which lead to the formation of the NLP we would have held 15 seats."

In the marginal Warwick East constituency, the Hon. Gerald Simons lost the 1983 election when he polled 757 votes, but won the seat at this election with 623 votes.

The two seats won in Pembroke East Central also recorded a drop in the number of UBP votes. Mr. Robert Barritt lost with 567 votes in 1983, but won with 487 while his running mate Mr. Lawson Mapp lost with 569 votes and won with 450.

The same trend was reflected in the Sandys North constituency. Mr. Colin Pearman lost with 652 votes and won with 80 less votes when he

polled 572.

His running mate in the 1983 election lost with 645 votes, but his new constituency partner Mr. Ed Bailey won with 581 votes.

Sen. Allen insisted Miss Jennifer Smith would have won the marginal St. George's North for the PLP, but for the presence of a NLP candidate.

Sen. Allen said the results showed the UBP had not increased in

popularity, but merely that the PLP had failed to persuade its supporters to go to the polls or had lost votes to the new party.

NLP public relations officer Mrs. Kathleen Bell said it was the shortsightedness of the PLP last year that had led to the expulsion of the six dissidents and eventually the formation of the new party.

"I would suggest if the PLP wish to compete in the next General

Election they get their act together. The next time they are going to find there are 40 NLP candidates."

She said the PLP held 14 seats after the last election but their strength had now been cut in half to seven.

"The PLP have got their just deserts," she declared.

"We will be holding a post mortem into the election, looking into the level of support and how to harness that support in the next election.

"We are very pleased with our results and that we have got two men in Parliament. We are very pleased with the response from the public and it means we are wanted."

NLP candidate in the St. George's North constituency, Mr. John Rankin, dismissed claims the PLP would have won the seat and insisted their candidate could only have picked up another 12 votes.

He said he had analysed the way his supporters had split their two votes.

He said 27 people had used only one vote and plumped for him, 15 had been split with UBP candidate Mr. Phillip Smith, and 18 with his running mate Mr. Doc Hall.

He had shared 12 with the PLP's Mr. Louis Ming and 41 with Miss Smith. Two of his supporters had also voted for Independent Mr. Albari Assalaam.

Senate Changes

Hamilton THE ROYAL GAZETTE in English 7 Nov 85 p 1

[Text]

Governor Viscount Dunrossil yesterday announced a new-look line-up of Independent senators in the Upper House of Parliament.

Veteran Senators Mr. Arnott Jackson and Mr. Stanley Gascoigne have been replaced by retired Cabinet Secretary Mr. W. James Williams and Human Rights Commission chairman Mr. Albert Jackson.

The Hon. Hugh Richardson, President of the Senate, has been asked to remain in the Senate for another year.

Viscount Dunrossil has written to the two retiring Senators expressing deep appreciation for their long and distinguished service in the Legislative Council and then the Senate.

In letters to the retiring Senators, he reminded them they had been reappointed in 1983 for a period of only a year or

two, because the time might arise to give others a chance to contribute skills and experience to the Senate.

He added: "I have given a lot of thought to this and have decided to make fresh appointments to the Senate seats which you have held for the last nine years both in the Senate and in the former Legislative Council.

"To provide an element of continuity, I have asked Hugh Richardson to continue as a Senator for another year.

"Bermudians owe a great debt to you for the years of hard work and real interest and concern that you have brought to the Senate's deliberations and I am sure that my predecessors would have wished to share in very warmly thanking you for the distinguished service to Parliament and the democratic process that you have given," he wrote.

UBP Senators

Hamilton THE ROYAL GAZETTE in English 9 Nov 85 pp 1, 2

[Excerpt]

Premier the Hon. John Swan yesterday drafted in three United Bermuda Party stalwarts to strengthen his Senate team.

He dropped hotel finance boss Mr. Dennis Tucker who has held a Senate seat for just nine months and picked replacements for two Senators who failed to win House of Assembly seats.

Unsuccessful candidates Mr. Francis Furbert and Mr. Reginald Minors are joined by long-time party supporter Mr. Charles Marshall in Parliament's Upper House.

Minister of Legislative Affairs the Hon. Charles Collis

and outspoken businessman Mr. Llewellyn Penniston keep their positions in the important Parliamentary chamber.

The announcement completes the line up for the 11-member Senate which will now have six new faces among its ranks when it sits

down to work later this month.

The Progressive Labour Party has already picked Miss Jennifer Smith, party Public Relations Officer Mr. David Allen and retiring Chairman Mr. Alex Scott for its team.

Hamilton THE ROYAL GAZETTE in English 7 Nov 85 p 4

[Text]

Lawyer Mr. Frederick Wade yesterday bravely announced the battered Progressive Labour Party was shrugging off a siege mentality and preparing to rebuild its strength.

The 46-year-old former teacher, who was elected to lead the Island's oldest political party last week, is now facing the major task of revamping the party.

He takes over from veteran leader Mrs. Lois Browne Evans who stepped down in the wake of the party's worst-ever election defeat as its House of Assembly strength was slashed to seven seats.

But the PLP is already rebounding from its electoral mauling and an optimistic Mr. Wade is carefully drawing up plans to re-built the party's support.

"The PLP has been under seige for the last two years, from within and from without. I think that siege mentality has now gone," he said.

Certainly the PLP's fortunes have plummeted during the last few years. In 1980 the PLP stood on the brink of an election victory but the chance to form its first Government slipped through its fingers.

Now it is emerging from a crushing election defeat, which comes in the aftermath of a lengthy and bitter leadership row which split the party and led to the formation of the National Liberal Party.

Mr. Wade said: "When we were canvassing during this election we discovered many of our supporters were angry with us, but I think they understand what happened a little better after the campaigning.

"The turnout amongst our people was low. They may have lost some confidence in the party because of the last 18 months, but we have to go back to them and persuade them the PLP is the vehicle that represents their views best.

"We saw the election as a clearing of the air. As political realists we expected a result similar to the one we got, and that's why the party wasn't devastated by it."

He said the party had been slow to enter a slanging match with six dissidents who were later expelled, and only explained they had been fighting to defend the party's constitution at a later stage.

"It was Mrs. Browne Evans' integrity which didn't permit her to engage in the kind of mud slinging that was going on. She wasn't prepared to wash her dirty linen in public, although the party had a legitimate case."

But the split with the former PLP MPs who now head the new third party is final, and Mr. Wade ruled out a formal Opposition alliance with them in the House of Assembly.

"We are going to be working on building the PLP stronger. The NLP is another political party and we are competitors, so we will treat them as competitors.

"We intend to build a much stronger PLP and hope in the process the NLP will disappear.

"We know that the PLP Members for Change and the NLP are two different things. Many of the Members for Change did not join the NLP and we intend to see they get back into the PLP."

He added: "The party is now more unified than it has been for over ten years. We have a nice cohesive group, energised, with some clear goals, and ready to go.

"I'm fortunate that Mrs. Browne Evans has handed the party over in that state."

Mr. Wade cut his political teeth almost 25 years ago and worked his way up through the party's ranks, before holding senior positions in the Shadow Cabinet, responsible for Education, Home Affairs and Finance.

But his interest in politics began in the early 1960s when he returned from a teacher training college in Canada and took up a post at Central School.

"My classroom was a formal manual training centre. It was a basement with improper ventilation, I had a blackboard on an easle, little or no text books and whatever we had was out of date, and 45 kids.

"I had been trained in Canada where the conditions were way ahead of what we had. We still had segregated schools

at the time and it was the conditions in the schools that really started my interest in politics.

"If you had a social conscience you couldn't just sit by and watch children being wiped out, not only by racialism but also by the appalling conditions.

"It was that which made me seek out the politicians at the time. You could see the ability of the children but the opportunity to teach was just made so difficult.

"We persevered and we had good results, but a lot of people were being lost along the way."

He soon joined the Bermuda Union of Teachers along with other young black teachers.

"A group of us came back from college at the same time and we moved in and replaced some of the headmasters who were running the union at that time. We tried to give it a modern look and make

it a more progressive union.

"It was an attempt on my part to try and improve conditions in education but I soon realised it wasn't the civil servants who made the changes. I discovered it was politics and the minister who affected policy changes."

Bermuda's first political party was born in 1963 and Mr. Wade proudly announced he was the 312th member to sign up, and was soon working in the Devonshire Branch.

"Since then I've done all the jobs that are important in the party. From the branch it led to Central Committee, and then to PRO for the party and Chairman."

In 1968 he was elected to the House of Assembly for the Devonshire North constituency after teaming up with Mrs. Lois Browne Evans.

But a law forbidding teachers from also being elected Members of Parliament had already been passed by the legislature and he was forced to give up his teaching job.

"I decided I would take my chances and I would survive. For the four years from 1968 to 1972 I drove a taxi, I cut stone, I painted houses and then I finally decided I had better retrain.

"I decided to go into law. I had always had an interest in law, and I had friends who were lawyers. And in 1973 I went off to London to qualify."

Branch officials were happy for him to remain their MP and he spent the next three years shuttling back and forth between Bermuda and the United Kingdom, making as many as eight trips a year.

But in April of his last year he was preparing for stiff final exams when Mrs. Browne Evans telephoned to say a general election was to be held the following month.

"I dropped everything and came back, much to the horror of my fellow law students, but my first interest has always been politics. I was able to devote all of my time to the campaign and I got right to work and we managed to secure four more seats.

"I went back to London in August and settled down and wrote the exams in September and I was successful. I ran a high risk but it worked out okay."

His long dedication to politics has now led him to the highest post within the PLP. Mr. Wade, who is considered a left-winger in the party, insisted it was going to be a new-style leadership.

"It is going to be almost a joint leadership with my deputy Mr. Walter Roberts. We are going to share and try to have a merger of the talents and use them where they best fit."

"We have to consolidate the support of the working class people and to bring into play the energy of the young people that have come into the party."

"It has been very heartening that so many young people have emerged onto the scene. They are saying they are the PLP of the future and they would like to play a leading role in the development of the party at this stage."

"I intend to see they get a full opportunity to participate at all levels."

"We hope to attract to the party those people who have had the benefit of education, opportunity and upward mobility."

"There has been some reluctance on their part to identify with the PLP openly, and we have to make them feel comfortable in the PLP and make them feel they owe a debt to the people coming after them to continue opening up new opportunities."

But the party is already drawing lessons from its election defeat.

Mr. Wade pointed to the successful United Bermuda Party team in the marginal constituency of Pembroke East Central where Mr. Robert Barritt and Mr. Lawson Mapp ousted two PLP MPs.

The two men had worked in the constituency for several years and stood in several elections before finally winning the House of Assembly seats.

Mr. Wade said: "There is a lesson in that for our candidates and they have already told me they would like to be in place as soon as possible and they intend to start a four or five year programme of work in the districts."

"We are also going to totally computerise the party's operation, from voters lists to finances."

"There is a real need. In elections today you cannot operate without that level of technical support. The John Swan blanket mailing was an important tool in the last election and we have to be able to respond to that."

He dismissed fears that his taking over the leadership from Mrs. Browne Evans was only a cosmetic change to the PLP.

"I intend to pursue the party platform, but I also have my own ideas about what should be done. I certainly have my own personality as people will find out."

"When you have a leader you owe your allegiance and support to that leader. As a team man it was my duty and responsibility to support Mrs. Browne Evans while she was leader."

"But people will now see for themselves a very different style of leadership," he promised.

### Union Pressure on PLP

Hamilton THE ROYAL GAZETTE in English 9 Nov 85 p 1

[Text] The powerful Bermuda Industrial Union yesterday warned it would now be forced to take over the task of protecting workers' rights from the battered Progressive Labour Party.

The union newspaper *The Workers Voice* said the Opposition Party's massive election defeat would leave it up to the trade unions to combat the United Bermuda Party Government.

Businessmen and politicians have already said they fear more militant trade unions after the PLP's House of Assembly strength was cut to seven seats.

Newly-elected Opposition Leader Mr. Frederick Wade was also strongly attacked by moderate and left wing columnists who complained he was the wrong man for the job.

In an editorial, the newspaper, which is edited by former PLP MP Dr. Barbara Ball, said warning bells should now be ringing for all workers in the Island.

"Now that our political power has been so greatly decimated, the burden of protecting the rights and interests of the workers has fallen on the trade unions — especially the largest and most powerful, the Bermuda Industrial Union.

"For it is evident that those who seek absolute power in this Country have moved a step nearer to their goal, and only a powerful and united trade union movement stands in their path."

The paper dismisses claims the PLP leaders or the newly formed National Liberal Party are to blame for the party's worst-ever electoral defeat.

"Years of complacency, apathy and lack of involvement; these are the real reasons why the PLP was defeated. The workers have been too busy 'doing their own thing' to get involved in building up the strength of their institutions."

It warns there is a real threat now facing the union, and insists another election will not be called before 1990.

"At which time, the disastrous and destructive course being pursued by those in power will have left very little of Bermuda worth taking over by any re-constituted Progressive Labour Party."

But the new leader is criticised and warned he has inherited a rebuilding programme which could be likened to putting Humpty Dumpty together again.

Expelled dissident Mr. Calvin Smith questions whether Mr. Wade is even aware of the condition of his party, and adds the party's conference delegates, who picked the new leader, failed to realise it was time for a drastic change in direction.

He adds many people think the new Leader is unlikely to lead the Party in any new directions, although the election clearly showed a need for new leadership and a change in direction.

"In fact, many would lay most of the

current problems of the PLP at the feet of Mr. Wade. Certainly, he was a willing partner in initiating the charges which eventually led to the expulsion of the four MPs and the eventual split."

He also criticised the selection of Chairman Mr. Alex Scott and Public Relations Officer Mr. David Allen as PLP senators.

He wrote: "I am certain I shared the amazement of many when, following the resignation of Mrs. Lois Browne Evans, the Delegates' Conference elected her staunch supporters to the Senate and to the Party Leadership.

"It was almost as if the delegates had read the disastrous results of the last election as an endorsement for the 'failed' policies and methods of Mrs. Browne Evans.

"Mr. Wade has unflinchingly backed the policies which have brought about the disastrous results of the last election.

"If this man is to lead the Progressive Labour Party out of the political wastelands, he will have to undertake a change in attitude and approach, which would make that which turned Saul into St. Paul pale into insignificance."

A more unexpected attack comes from left-winger Mr. Alvin Williams, who warned the party could have sown the seeds for a new split which would see the PLP passing from Bermuda's political scene.

He wrote: "I have the greatest respect for Mr. Frederick Wade, the new leader of the PLP. But in the minds of many people, he is deemed to be too close to the former leader of the PLP, Mrs. Browne Evans."

He added many people who had looked for a symbol of healing within the party saw defeated leadership candidate Mr. Walter Roberts as the right man for the job.

"Likewise, the selection of PLP representatives in the Senate should have reflected the new beginning — not a reinforcing of the 'old guard'. These decisions, though democratically taken, have already handicapped that new beginning for the PLP.

#### NLP Wooing of Unions

Hamilton THE ROYAL GAZETTE in English 15 Nov 85 p 9

##### [Article by Political Reporter]

###### [Text]

Opposition officials and union bosses were yesterday reluctant to discuss a National Liberal Party offer to represent trade unions in the House of Assembly.

The NLP suggested unions should turn their backs on the Progressive Labour Party and said they had failed to hold meaningful talks with unions.

The offer comes only days after the Bermuda Industrial Union's newspaper warned the powerful union would have to take over the task of combatting Government because of the PLP's massive election defeat.

NLP spokesman Mrs. Kathleen Bell said: "If the unions are looking for representation in the House which will be meaningful, then they must look to Members of Parliament who are prepared to discuss all facets of labour business.

"It is part of the NLP philosophy and policy on labour that organised labour should be for the good of the community and should be organised to protect the rights of the workers."

In a prepared statement, she said the unions need not adopt a defeatist attitude because the PLP seats in the House of Assembly have been reduced.

"What the unions need to do is examine the relationship between the PLP and the unions generally, and particularly, the PLP's association with the BIU.

"There is no record of the PLP ever having any meaningful dialogue with the other unions about their problems and their union activity.

"The close association of the PLP/BIU is only a public perception which the PLP has used over the years for its own ends. On the other hand, the BIU has endeavoured to assist the PLP as best it could within the law."

She added: "The policy of the PLP has been not to bring forward legislation to the House, even if it could benefit labour to do so."

She insisted the two NLP MPs were prepared to meet union officials to discuss labour matters, and in order to represent a group they needed to be well-informed.

She said Mr. Austin Thomas is a trustee of the BIU, and Mr. Gilbert Darrell has been a member of the unions General Council.

BIU President and PLP Shadow Minister Mr. Ottiwell Simmons said he would not comment on the political statement.

He added: "I'm sure the union has no objection to any political group giving its support. It looks for support throughout the Country. But the BIU and the PLP have always been working closely together."

He said recent articles in the union's newspaper, The Workers Voice, did not necessarily represent the views of the union.

"A lot of things The Workers Voice says I don't agree with, but we try to give the paper some autonomy and independence, provided it stays within the law and reasonable limits of public opinion."

Opposition Leader Mr. Frederick Wade said: "I don't know if it is worthy of comment," but added he would ask the newly-appointed Shadow Minister of Labour and Home Affairs Mrs. Lois Browne Evans to consider responding.

The party's Public Relations Officer Sen. David Allen was also reluctant to comment on the NLP's offer.

#### PLP Shadow Cabinet

Hamilton THE ROYAL GAZETTE in English 14 Nov 85 pp 1, 8

[Text]

Opposition Leader Mr. Frederick Wade yesterday warned his small team of MPs had virtually no chance of winning House of Assembly battles as he unveiled a new-look Shadow Cabinet.

He promised his reduced Parliamentary team would form a vigorous Opposition, but the main thrust of the Progressive Labour Party would now be in the community.

"We are seven people against 32 and the hope of getting anything through is like a snowball in Hell, and we know that, unless we are going to be able to persuade the backbench of the UBP to come with us.

"We are going to be a strong Opposition and where necessary we will bring motions and legislation to the House.

"We are going to fulfil our responsibility in Parliament, but we intend to be a party in the community. The emphasis will be in the community more than in the House."

His scaled-down Shadow Cabinet includes the whole ten-man PLP Parliamentary team, with some MPs having responsibility for several of Government's 12 Ministries.

The Opposition Leader takes on responsibility

for Finance and Legislative Affairs, while his deputy, Mr. Walter Roberts is given the portfolios of Transport, Industry and Technology and becomes House of Assembly spokesman on Tourism.

Former PLP Leader Mrs. Lois Browne Evans keeps the portfolio as Shadow Minister of Labour and Home Affairs, and becomes House spokesman on Education.

Newly-appointed Opposition Whip Mr. Walter Lister is Shadow Minister of Housing and Works, and House spokesman for Youth, Sport and Recreation.

Bermuda Industrial Union president Mr. Ottiwell Simmons re-joins the ranks of Shadow Ministers after an absence of five months and takes on the portfolio of Health and Social Services.

Former Shadow Minister of Health and Social Services Mr. Stanley Lowe shifts to Community and Cultural Affairs while Mr. Reginald Burrows moves from Shadow Minister of Industry and Technology to Shadow Minister of the Environment.

PLP Senate Leader Sen. David Allen becomes Shadow Minister of Tourism, while Sen. Jen-

nifer Smith takes over the Education portfolio.

Party Chairman and newly-appointed Senator Alex Scott is given the portfolio for Youth, Sport and Recreation.

Mr. Wade also appointed defeated PLP candidate Miss Paula Cox to the newly-created post of Shadow Cabinet, responsible for coordinating the activities of the Shadow Cabinet.

He added: "I firmly believe the Progressive Labour Party has a strong and effective team, willing and able to represent a broad public interest, in the House of Assembly, in the Senate and in our newly invigorated Shadow Ministries.

"We intend to work for the total community in ensuring the best interests of all Bermudians are served."

He said the party's policy had won broad support in the community, had been borrowed by the National Liberal Party and adopted by UBP governments and Premier the Hon. John Swan.

He added: "We are going to see our worst critics and our best friends to talk about the PLP.

"John Swan has said he is going to shake every hand — I will kiss every lady and shake every man's hand in the next few years."

He said young and energetic party workers had been drafted in to form a Shadow Cabinet secretariat.

These are: Health and Social Services, Miss Cheryl Pooley; Youth, Sport and Recreation, Mr. Sam Maybury and Mr. Archibald Brangman; Labour and Home Affairs, Mr. Louis Ming; Industry and Technology, Mr. Gerald Daniels; Transport Mr. Kenneth Burgess; Education, Mrs.

Aurelia Burch; Community and Cultural Affairs, Mr. Ira Philip; Tourism, Mr. Vernon Burgess; Housing and Works, Mr. Roosevelt Hall; Finance, Dr. Clark Godwin and Environment, Mr. Calvin Wales.

Mr. Wade added: "All of Bermuda owes a great debt to the great courage and statesmanship of Mrs. Lois Browne Evans.

"Parliament will miss the flair of Mr. Stanley Morton and the great determination of Dr. Barbara Ball. Mr. Eugene Cox will be missed for his ready analysis of the figures and his strong racial pride."

### NLP Leadership Changes

Hamilton THE ROYAL GAZETTE in English 19 Nov 85 p 7

[Text]

The newly-formed National Liberal Party yesterday announced a mini-shake-up of top officials after holding its first general meeting for its more than 200 members.

Former MP Mr. Walter Brangman, who lost his House of Assembly seat during the last general election, takes over as deputy chairman of the party from Mr. Albert Swan.

Public Relations Officer Mrs. Kathleen Bell stood down and was replaced by businessman Mr. Gerry Swan.

The weekend meeting was held to elect the party's officials after temporary officers had been picked when the party formed 12 weeks ago.

Former Sandys North MP Mr. Lionel Simmons said yesterday he would now be

concentrating on building an NLP branch and he was not a member of the party executive.

"I'm going to be working in my parish," he said. "We need to develop a branch. It was, at one time, a strong Progressive Labour Party area and if we are going to

make any inroads we will need to develop a strong branch.

"It will be an up-hill battle because it was such a strong PLP area, but I plan to stand again as an MP. I had close to 30 people working with me in the election and we have the nucleus for a branch.

"This is the best time to start working in the parish as the election is fresh in everybody's minds," he said.

NLP Spat With Union Organ

Hamilton THE WORKERS VOICE in English 22 Nov 85 p 4

[Text]

In a strongly-worded statement, the newly-formed National Liberal Party (NLP) has addressed itself to the concern of the Bermuda Industrial Union's membership, about the greatly reduced labour representation in the present House of Assembly.

**Following if the full text of the NLP statement:**

The Labour unions of this Island need not adopt a defeatist attitude because the PLP seats in the House of Assembly have been reduced.

What the unions need to do is to examine the relationship between the PLP and the unions generally, and in particular, the PLP's association with the BIU.

There is no record of the PLP ever having any meaningful dialogue with the other unions, about their problems and their union activity.

Even on behalf of the BIU, the PLP was moved only by the direct action taken by the two BIU officials, who were elected to the House, as PLP Members of Parliament.

The close association of the PLP/BIU is only a public perception, which the PLP has used for its own ends, over the years.

On the other hand, the BIU has endeavoured to assist the PLP as best it could, within the law.

Also, under the chairmanship of former Senator, Charles Bean and former MP, Arthur Hodgson, valiant attempts were made to have some concrete commitments between the two

organisations (the PLP and the BIU). But the proposed meetings never took place.

The PLP did mount a fight in the House, over the Labour Act, but that was legislation brought forward by Government. The policy of the PLP has been not to bring forward legislation to the House, even if it could benefit Labour to do so.

**NO STRANGERS TO LABOUR**

On at least two occasions, the PLP walked out of the House. These instances took place after the BIU president had filled the public gallery of the House with Union members.

He then demonstrated his influence, by demanding that the Leader of the Opposition call out her members, in protest.

The Leader would then take a hurried census, making sure it would be in favour of walking out.

If the unions truly want this kind of representation, then the reduced number of PLP seats in the House will have an effect.

However, if the unions are looking for representation in the House, which will be meaningful, then they must look to Members of Parliament who are prepared to discuss ALL facets of labour business.

The two National Liberal Party Members of Parliament are prepared to meet and discuss any matters pertaining to Labour, because, in order to represent a group, Members of Parliament MUST be well-informed and committed to proper representation, in the interests of the majority.

It is part of the NLP philosophy and policy on Labour, that organised Labour should be for the good of the community and should be organised to protect the rights of the workers.

Also, the NLP believes that a person who achieves success in the work-force is still very much a part of the labour family.

It should be noted that the two NLP Members of Parliament are no strangers to Labour and Labour causes. Austin Thomas, MP is a Trustee of the BIU and Gilbert Darrell, MP has served as a member of the General Council of the BIU.

Hamilton THE ROYAL GAZETTE in English 22 Nov 85 p 3

[Text]

National Liberal Party Treasurer Mr. John Rankin yesterday promised to step up a campaign to woo cash from businessmen who have traditionally funded the United Bermuda Party.

He said letters had been sent out to almost 400 local companies asking for financial support and explaining an alternative political party was essential for democracy.

"It's not been a runaway success but we did have a donation from a significant company which does show there is hope," he said.

He said the NLP was now planning to send out reminders to the businessmen and added several had expressed interest in supporting the party once it had proved it was viable.

The election campaign had cost the party about \$7,000 he said, and it was now

wanting to clear off debts of about \$5,000.

"Some of the other parties would have loved to carry on a campaign for the amount of money we have spent. We had one of the most efficient campaigns for the number of votes per dollar spent."

He said the NLP had no long term commitments and was already considering ending a temporary lease on an office.

"We have had one donation of \$500, and we have promised to keep the name of the institution involved confidential.

"A lot of people are waiting to see if we are going to be different and if we can really fulfil our promises. Once they see we are a viable alternative they will help support us.

"The difficulty is that we need money to be able to do any of these things," he said. "But right now our main concern is to wipe out our deficit."

UBP Constitutional Changes

Hamilton THE ROYAL GAZETTE in English 22 Nov 85 p 7

[Text]

The United Bermuda Party will next month be asked to approve changes to its constitution almost a year after proposed alterations sparked a battle behind closed doors.

A plan to give the Premier and the Speaker guaranteed nominations in their safe constituencies was hurriedly dropped after fierce opposition from back bench MPs and party workers.

But a small committee has spent several months working on changes to the

constitution, which was last amended in 1977, to bring it up to date.

UBP executive officer Mr. Ed Williams yesterday refused to give details of suggested changes which will be recommended to the party's annual meeting on Thursday, December 5.

"It's nothing controversial," he insisted. "It is just a matter of updating some of the clauses in the constitution to ensure they are relevant to today."

"It was felt the wording of

some clauses was not easily understandable and were in need of some redrafting.

"The Central Council, two years ago, asked the Constitution Committee to come up with some amendments to the constitution and it has been periodically discussed since then."

He added a clause to exclude the Premier and the Speaker of the House of Assembly from primary battles had been dropped several months ago.

"It was suggested at one of

the constitution committee meetings but it was felt it wasn't necessary to have this clause. The Premier didn't agree with it being there."

Party officials have also been given permission to break the rules in a bid to sort out an administrative bottleneck caused by the General Election.

Mr. Williams said the party's branches would be holding annual general meetings during the next few weeks to elect officials.

"The constitution says the meetings should be held in November but we are probably going to find a handful holding their meetings early in December," he said.

"We can't be too hard line about it this time. The problem is that we have just had an election and people have to find time to fit these meetings in."

The party's national officials will be elected at the meeting on Thursday, December 5.

### NLP Rally

Hamilton THE ROYAL GAZETTE in English 27 Nov 85 p 3

#### [Text]

The National Liberal Party last night took its first steps on the long road to becoming a contender in Bermuda's next general election.

In its first post-election public meeting, party leader Mr. Gilbert Darrell MP said the NLP had to make it clear in the next few years that its one goal was to win the Government.

"There is no other goal we have," he told 35 people at the Purvis School in Warwick East constituency lost by NLP candidate Mr. Walter Brangman.

To do that, the party needed money and people, Mr. Darrell said — people to raise money, people to be candidates, people to publish and distribute a party newsletter, people to research political issues and people to listen to people.

It was clear from last night's talk that party officials have been doing some careful thinking about the NLP's future. And it appeared that the future depended on a long term grassroots campaign to convey the NLP message as well as a determined effort to organise essential party machinery such as a headquarters and to mobilise party representatives.

"We have to make the name of our party a household word," Mr. Brangman said. "We have to canvass all areas of the country."

In the past few months, the NLP's membership has grown to about 250. While officials are happy about the growth, it was clear last night they wanted more members with commitment beyond mere membership.

Mr. Darrell told the audience the NLP faced an enormous challenge. To be a legitimate Government contender it had to field candidates in each constituency. It needed a legitimate programme for canvassers. It needed parliamentary assistants to help Mr. Darrell and Mr. Austin Thomas MP effectively criticise and pressure Government in the House of Assembly.

"This is not an easy task ahead of us," Mr. Darrell said. "We can't start campaigning three months before the next election. We have to start now."

### New PLP Chairman

Hamilton THE ROYAL GAZETTE in English 4 Dec 85 p 1

#### [Text]

Opposition Leader Mr. Frederick Wade early this morning announced a new-look administrative line-up for the Progressive Labour Party.

The new party chairman is veteran journalist Mr. Ira Philip who takes over from Sen. Alex Scott, and union stalwart Mr. Gerald Daniels becomes Public Relations Officer following the resignation of Sen. David Allen.

The party's annual two-day conference would open with the election of the new key officers after a 90-minute speech to the 60 delegates from the recently elected leader.

"I dealt with the new thrust the PLP will be taking in the affairs of the country. There are still matters I intend to deal with," he said.

"We are very pleased with the results of the conference and I'm very happy with the new officers."

Sen. Allen stood down as PRO after being appointed Shadow Tourism Minister, Opposition Senate Leader and Senate spokesman for three other Government ministries.

Miss Ann Webb takes over as Assistant Secretary.

But United Bermuda Party chairman Mr. Robert Lewis warned the new PLP chairman would face a rough ride.

"We have got to wait and see what course the leadership of Freddy Wade is going to take. The leadership has got to develop and prove itself to the party membership and the public.

"But if they go hard left they will put themselves further out of the picture. That would set them back, and it would all be to the benefit of the UBP in the long term."

National Liberal Party public relations officer Mr. Gerry Swan was reluctant to discuss the election of the PLP chairman.

He said: "It is a decision the PLP will have to be comfortable with and certainly the NLP is not in a position to tell the PLP what it should be doing.

"There is too much to do within the NLP for us to be taken up with who the next chairman of the PLP will be, and we are, right now, more concerned with the support the NLP has.

"I'm not going to speculate on the pros and cons of a new chairman of the PLP."

■ The UBP meets tomorrow

night to elect a new chairman when Mr. Lewis steps down, and it is also expected to pick five new deputies.

Last night Mr. Lewis said: "I have been chairman two years and every two years we change around. I have had my spin and it's time somebody else had theirs."

He added the party's constitution was also likely to be changed to increase the number of deputy chairmen from two to five.

"We will have various areas of responsibilities for all of them. We have 31 seats in the House of Assembly, we have John Swan as our leader, and we now have to do an even better job than we have been doing."

"We have a greater responsibility now to really make sure everything that needs to be done in the community and on the political scene is done."

### PLP Senate Spokesman

Hamilton THE ROYAL GAZETTE in English 4 Dec 85 p 7

#### [Text]

Opposition Leader Mr. Frederick Wade yesterday announced a share-out of responsibilities for Government Ministries among the Progressive Labour Party's three-man Senate team.

Senate Opposition Leader and Shadow Minister of Tourism Sen. David Allen will also become spokesman

on Finance, Labour and Home Affairs, and Legislative and Non-Ministry Affairs.

Shadow Minister of Education Sen. Jennifer Smith will be spokesman for the Ministries of Health and Social Services, Transport, and the Environment.

Shadow Minister of

Youth, Sport and Recreation. Sen. Alex Scott will be spokesman for Housing and Works, Community and Cultural Affairs and Industry and Technology.

The Senate meets today for its first full business session of the new term when the Speech from the Throne will be debated.

BERMUDA

THRONE SPEECH DRAWS QUICK REACTION FROM OPPOSITION

Text of Speech

Hamilton THE ROYAL GAZETTE in English 16 Nov 85 p 4

[Text]

Government of Bermuda, Speech from the Throne, delivered by His Excellency the Governor on the occasion of the Convening of Parliament, Friday, November 15, 1985.

**Mr. President and Members of the Senate:**

**Mr. Speaker and Members of the Hon. House of Assembly:**

Government is greatly encouraged by the renewed and strengthened mandate that it has received from the Electorate and pledges itself to the continuing development of the many programmes on which it has embarked in recent years to improve the quality of life for Bermudians.

In all aspects of its decision-making process and legislative programmes Government will continue its policy of participatory democracy. The views of the public will be sought and its wishes incorporated whenever these are viable and the end result of overall benefit to the community at large.

The current economic position requires caution, and the most careful evaluation of demands for large capital investments or expansionist programmes. It is for serious consideration whether we can afford to embark on new programmes in the immediate future. The priority will be on consolidating and completing those already in hand, and the several extensive capital development projects already announced.

Measures will be taken to evaluate the recurring expenditure of Government's Administration and every effort will be made to contain and, if possible, to reduce, the burden of its own manpower and services cost.

Our standard of living in Bermuda is already the envy of many other countries, and whilst we must do all that is possible to preserve this, it must not be at a cost beyond our means.

In the matter of housing, there will be an increase in the flow of mortgage funds phased over the next five years, primarily to provide for new first home owners.

Government will continue to encourage the upgrading of local areas through the paving and lighting of private estate roads as agreed by landowners.

It is necessary to strike a fine balance between the provision of new homes on our limited land mass, and the preservation of open space for the use and enjoyment of all our people.

A Land Title Registration Bill will provide for the progressive registration of all land lots in Bermuda and for easy and inexpensive access to land title proof.

The City of Hamilton Development Plan will be placed before The Legislature in the coming Session. Options for development of the Pembroke Marsh Basin will be presented, following the detailed investigation currently being conducted by a study group from Harvard University.

A major threat to our well-being continues to be illegal drugs, and Government will be introducing measures and legislation aimed at reducing the problem and discouraging those persons engaged in that illicit trade. Meantime the National Alcohol and Drug Agency will be both initiating action and monitoring progress, which will require the energetic support of the community.

In 1986 the Post Office will introduce a new postal code system which is a major requirement for mechanical sorting and improved delivery.

Further improvement in the system of education remains a high priority of the Government. A programme of career counselling will provide valuable guidance in our secondary schools. Additionally, standardised tests are to be introduced Island-wide both at primary and secondary level.

A new approach to utilise computer techniques for teaching five-year-olds will be the subject of pilot programmes in five primary schools.

A Task Force has been commissioned, charged with the responsibility of studying recreational needs at community level, to gain feedback from areas deprived of recreational outlets, and to encourage community input into Government plans. A White Paper on Youth Development will focus attention on the implementation of youth services and the full participation of young people in community life.

The economic life-blood of Bermuda is provided by our tourism industry and the coming season will witness a continuation of the aggressive marketing techniques which are proving to revitalise that sector. At the same time, we must continue to upgrade the quality of service to our visitors and give value for money.

Negotiations will continue, and an on-going dialogue maintained, with all the airlines serving Bermuda in an effort to obtain reasonable fares.

The International Business Sector makes a vital contribution to our economic well-being and provides excellent career opportunities for many Bermudians. Government will continue to seek ways to ensure that Bermuda will remain an attractive environment in which this business can thrive.

The Immigration and Protection Act will be amended to provide for the policy review undertaken in respect of work permits and the grant of Bermuda Status. It will provide relief to spouses of Bermudians, whilst continuing to exercise other controls.

The Ministry of Labour and Home Affairs will also introduce a White Paper setting out Government's proposals to further improve labour relations.

Work has already begun on the provision of a new Maximum Security Prison and to expand the Prison Farm facility so as to relieve crowding at Casemates Prison in the interim.

A White Paper outlining proposals in respect of traffic on our roads will be placed before the Legislature. This follows feedback and further discussions of the Green Paper on road traffic problems debated in 1982.

A programme of cultural preservation and development is to be undertaken by the Ministry of Community and Cultural Affairs to encourage a closer bond between all our people.

Legislation will be introduced to make provision to better control the Island's litter, and for the improved storage and disposal of domestic refuse.

During the coming year, funds already committed to Capital Development will be used for construction of the new Bus Garage at Fort Langton, extensions to St. Brendan's Hospital, the sports complex at Prospect, and the Solid Waste Thermal Treatment Plant, with energy recovery, on the Tynes Bay site.

**Mr. Speaker and Members of the Hon. House of Assembly:**

The Estimates of Revenue and Expenditure for the next financial year will be laid before you.

**Mr. President and Members of the Senate:**

**Mr. Speaker and Members of the Hon. House of Assembly:**

In addition to new legislation already mentioned, you will be invited in the coming year to consider Bills which will include the following:

- Land Adjudication Bill
- Stamp Duties Amendment (No. 2) Bill
- Condominium Bill
- Exchange Control Amendment Regulations
- National Parks Bill
- Merchant Shipping Regulations
- Public Service Superannuation Amendment (No. 2) Bill
- Affiliation Act 1976 Amendment Bill
- Arbitration Bill
- Bankruptcy Bill
- Health and Safety at Work Regulations
- Court of Appeal Amendment Rules
- Supreme Court Rules

It will continue to be the policy of your Government to encourage the free exchange of views as the most effective way of developing policy, and all our people are urged to communicate their concerns, opinions and wishes to their representatives and the Administration.

Despite the need to exercise constant vigilance over our economic well-being our future remains bright, and provided we continue to work together, this satisfactory state of affairs can be maintained. With the strong support of all, both Bermudians and Non-Bermudians, we can, with God's blessings, preserve, protect and enhance our Island and our special way of life.

Tradition accords me the opportunity to make some personal remarks at the end of this speech. May I say, therefore, that it is a great honour to open Parliament today on behalf of Her Majesty The Queen. May I also acknowledge the valuable services to Parliament of those of

both Houses who were either not re-elected or re-appointed, and wish their successors — and indeed all of you — well in your future work on behalf of the people of Bermuda.

**Mr. President and Members of the Senate:  
Mr. Speaker and Members of the Hon. House of Assembly:**

I now declare this session open and may God guide you in all your deliberations.

**Senate Chamber  
Hamilton, Bermuda  
15th November, 1985**

**DUNROSSIL  
Governor and Commander-in-Chief**

#### Initial Opposition Questions

Hamilton THE ROYAL GAZETTE in English 16 Nov 85 p 1

[Text]

Opposition Senator David Allen wasted no time to stirring the political kettle during the opening of the new Parliamentary session yesterday.

The newly appointed Opposition Senate Leader filed three questions scrutinising Government's commitment to Bermudianisation of the Tourism Department.

The questions directed at Government Senate Leader the Hon. Charles Collis asked:

- Which positions have been filled during the past three months in the Department of Tourism's overseas offices?
- How many of these positions have been filled by non-Bermudians?
- Which of these positions were advertised locally in Bermuda?

Senator Allen said the Progressive Labour Party had received information that non-Bermudians were being hired as mid-echelon officers in the Tourism Department, particularly for its overseas offices.

#### Swan-PLP Exchange

Hamilton THE ROYAL GAZETTE in English 23 Nov 85 pp 1, 3

[Text]

Opposition Leader Mr. Frederick Wade and his Shadow Cabinet yesterday unleashed a fierce attack on Government and complained there were no plans to tackle dozens of pressing problems.

But United Bermuda Party MPs dismissed the criticism and complained the new leader of the Progressive Labour Party had failed to introduce a new approach.

Mr. Wade said: "The Swan Administration has failed once again to set forward programmes and policies which are designed to solve the many problems which beset the country and any allusion to a participatory democracy is only an illusion."

He said the United Bermuda Party had won support from only a third of the electorate as so many people

failed to vote in the general election.

"Through Swan policies and 'politricks' participatory democracy has come to mean participation by a decreasing number of Bermudians."

He called for wide ranging

changes, complained of forgotten promises and dismissed the National Alcohol and Drug Agency as mere repetition of a Royal Commission's work.

"While NADA does more interviewing and monitoring, our young people are busy getting hooked on heroin, mainlining with cocaine, getting arrested for cannabis and dying from AIDS."

He said the economy was in poor shape and the Tourism Minister should be working to regain 54,000 regular guests lost each year since 1980, instead of chasing rainbows all over the world.

"The Swan Administration believes that yesterday's men and yesterday's ideas can solve today's problems. Even though his party has had an infusion of new blood, this new blood appears to have been put into the same old bottles.

"We see no evidence of the impact of this new blood on the policies and programmes put forward in the Throne Speech."

The first major speech in Parliament from the National Liberal Party came when Parliamentary Group Leader Mr. Gilbert Darrell attacked the Speech from the Throne.

He complained there were problems Government was failing to tackle and called for a new approach.

He also called on Government to scrap plans to shift the Bermuda College to a single campus at Stonington Beach.

"The College should stay where it is and we should move the Police out of Prospect and develop Prospect as an educational complex," he suggested.

The Premier, winding up the debate, said the PLP's response was the weakest he had heard from an Opposition in his 13 years as an MP.

He tagged the Opposition reply empty, shallow and void of constructive suggestions.

"How can they talk about a new and revitalised PLP? It's the same old people singing the same old songs. The only difference is they're fewer in numbers," said Mr. Swan.

The PLP was putting up gestures of solutions to problems, rather than concrete answers.

The NLP reply fared little better, with Mr. Swan accusing the party MPs of talking out of both sides of their mouths at once.

"They criticise the country's state of affairs. But Bermuda is an affluent

country with freedom and opportunities. These freedoms and opportunities have been provided by the Government," he said.

"And we, as a Government, will not be deterred. We will pursue those things which benefit the country most."

/7358

CSO: 3298/247

BERMUDA

## POLICE COMMISSIONER SAYS BIG DRUG DEALERS ARE KNOWN

Hamilton THE ROYAL GAZETTE in English 3 Dec 85 p 1

[Text] Police Commissioner Mr. Frederick Bean says there may be as many as two dozen big-time drugs dealers in Bermuda. And Police know who some of them are.

Further, the number of drug offences for the third quarter of 1985 show a 50 percent increase over the same period last year.

The Commissioner was speaking at a Press conference yesterday held to discuss the recently tabled annual report (1984) of the Bermuda Police. The main topic of discussion was drugs.

Mr. Bean said statistics show "an alarming increase in the use of drugs," and discussed police efforts to stop that trend.

He said it would be a "fair assumption there are no more than two dozen big drug dealers" on the island, and "these are the ones we want to be targetting."

"Our efforts have been to get away from the nickel and dime bags and to go after the really big fish," Mr. Bean said, citing the separate cases of Carlton Minors and

Alvin Chapman, convicted for dealing in large quantities of cocaine and heroin respectively.

The report showed slightly more than 22 times as much cocaine was seized in 1984 than in 1983. Mr. Bean said he believed the increase is due to the facts that cocaine is easier to conceal than cannabis; its use doesn't leave as many "tell-tale signs" as pot; and the feeling one gets from cocaine is a little more "euphoric."

"People are getting away from cannabis," he said. The amount of cannabis seized in 1984 dropped slightly from 1983.

He spoke of international — "very international" — drug operations lasting as long as 18 months or two years. Bermuda Police work very closely with American drug agencies, such as the Drug Enforcement Administration, he said, maintaining contact on a daily basis.

Of the big-time dealers and importers, he said, investigations have to be very de-

tailed, as it is difficult to make good conspiracy cases.

"We've got to be systematically sitting on them," to obtain enough evidence, he said, adding sometimes Bermudian officers must travel overseas to work with other police agencies on drug cases.

On the home front, Mr. Bean said the narcotics division is growing. Currently it boasts two drug-sniffing dogs. Next year he said, they're hoping to get another.

Further, the department is now considering upgrading the ranks of officers in narcotics — turning it, perhaps, into an elite drug squad.

Co-chairing the Press conference was Minister of Home Affairs the Hon. Sir John Sharpe. He tried to downplay the seeming increase in drug use by pointing out the report dealt with 1984 and 1983 figures, not 1985 figures.

He also said increased numbers of seizures, charges and convictions could represent an increased vigilance on the part of Police — not just a growing use of drugs.

But Commissioner Bean also had figures comparing numbers of drug offences for the third quarters of 1984 and this year. Those statistics showed a 50 percent increase this year over last — a trend Mr. Bean described as "alarming."

To discourage would-be drug dealers and importers, Sir John told reporters the government is currently examining potential legislation which would give it much broader powers of seizure of assets than it enjoys now.

Now, he said, the government must prove a convicted dealer's assets were paid for with money earned through drug traffic. The legislation being considered, he said, would not only remove that stipulation — allowing the government to seize all assets of a convicted dealer — but could extend its limits to include family members' assets as well.

/7358

CSO: 3298/248

BERMUDA

DRUG DEALERS, FAMILIES WOULD BE HIT UNDER NEW LAW

Hamilton THE ROYAL GAZETTE in English 7 Dec 85 p 1

[Text] The Government may soon have the power to seize all assets of a convicted drug dealer — and the dealer's family — regardless of whether or not those assets were acquired through drug traffick.

Further, the recommended legislative change would allow Government to freeze all assets of anyone merely charged with dealing drugs.

The changes have been proposed by the Cabinet Committee on Crime, composed of the Hon. Sir John Sharpe, Minister of Labour and Home Affairs; the Hon. Mrs. Ann Cartwright DeCouto, Minister of Health and Social Services; and the Hon. Ernest Vesey.

Yesterday Sir John said the law as it stands allows the Government to seize the assets of convicted dealers only when it can be ascertained those assets were acquired through drug dealing.

That, said Sir John, is "difficult to prove".

"The committee recommended the act be amended to provide that the person may be stripped of

assets if found to be dealing in drugs," he said, "and further this proposal should include families."

He added the recommendation also proposed assets be frozen upon charges being laid.

When asked if the latter amendment was aimed at preventing those charged with using funds, perhaps obtained through drug

trade, to defend themselves in court, Sir John said; "It's not so much that."

He explained it is intended primarily to prevent those charged from transferring their assets before conviction, when the Government would be entitled to seize them.

"I don't think most people would have difficulty paying for their defence," he said, adding they would likely be able to obtain funds "through sources obscure to you and me".

Sir John could not say exactly how far the law would extend with regard to families of convicted dealers, nor could he say whether or not the law would be en-

forced retroactively on persons convicted in the past.

The committee recommendations are recommendations "in principle", he said, the exact details of which have yet to be worked out by the Attorney General's office.

The recommendations have received the approval of Cabinet. Once the drafting is complete, they'll come back to the Cabinet, and "eventually wind up in the House of Assembly as changes in law," Sir John said.

Sir John said earlier the changes were aimed at giving drug dealers second thoughts about conducting business in Bermuda.

/7358  
CSO: 3298/248

BRAZIL

PT PRESIDENT LUIZ DA SILVA INTERVIEWED; BRIZOLA CRITICISM

18 December Interview

PY021619 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Dec 85 pp 6-8

[Text of interview with Luiz (Lula) Inacio da Silva, president of Workers' Party (PT), by FOLHA DE SAO PAULO reporter Alexandre Polesi on 18 December in Sao Paulo]

[Excerpts] FOLHA: It is more apparent every day that the PT defines itself as a socialist party. What type of socialism does the PT defend?

Lula: It would be very difficult for me to define the socialism of the PT. I believe that the perfect socialism for the PT would be that shaped by the companeros of the PT. Personally, I believe that we have two fundamental concerns. The first one is to understand that it is impossible to have a socialist system unless you have control of production at the level of the working class. This is the first definite thing about the socialist system. The second concern is to have a socialist system and at the same time, keep a democratic system in the country. What does this mean? It means to permit the existence of adversaries and to coexist with those who disagree, want to talk, and practice opposition. If one can manage to install a socialist system where society, the working class, holds the means of production in the cities and in the countryside, and at the same time, allow people to enjoy freedom of expression, freedom to oppose the government, I believe that one has made some advance on the question of socialism.

FOLHA: Could you define that question better?

Lula: There are some special points that I believe only a thorough debate will resolve. When one speaks of holding the means of production under control of the workers, one must determine just what will be transferred to the state. Will you transfer small enterprises, bars, restaurants, taxicabs, bakeries, small businesses? These are special points about which discussion should be conducted to determine the convenience or not of taking such a step.

FOLHA: Does that mean that you have doubts whether socialism can exclude forms of the market economy or capitalist forms of economy?

Lula: I believe that the great question of socialism is to have a society in which everyone produces for the benefit of everyone, without, however, limiting the creative capacity of men; without curtailing the freedom to think and the desire to progress in life. I have one concern--and it might not be true--that socialism should not be restricted to education, health, and work. I believe that this is very little. If you take a very large number of workers, place them in a factory or on a farm, pay them the same salary all year, without any other stimulus, I am afraid that they will begin to rebel against these conditions. The ability to satisfy individual wishes without hurting collective interests is a question about which I have my doubts. We need to promote discussions about this question within the PT, without passions, without concern about who will gain or who will lose. The basic concern must be to make sure that the discussions will result in an understanding of the people about the possibility of creating a new model.

FOLHA: Will that model be instituted through electoral channels?

Lula: I do not have high expectations about the electoral channels...

FOLHA: Not high?

Lula: Not high. I believe that the electoral channels will not make it possible to install the new model, transforming a capitalist system into a socialist system. It will be very difficult. I believe that through elections improvements can be made, creating conditions for the gradual implementation of a new model in this country. But the economic power, the dominant class, those who do not believe in socialism as an alternative will always put up restrictions. I believe that we at the PT and other segments of society must have clearly in mind that we will have to make any sacrifice so that the new system can be implemented in a tranquil and peaceful manner. Now, we must be prepared to react to the resistance of those who think differently.

FOLHA: But if the PT does not succeed in installing the new model through elections, it will only be able to do it through revolution...

Lula: Look, revolution is not necessarily determined by those who defend socialism; it is sometimes determined by those who defend capitalism. Do you think that the economic power and the dominant class will permit the PT to take the government of Sao Paulo through elections?

FOLHA: I think that it will depend on the extent to which democracy is strengthened...

Lula: Of course, but I have my doubts about that. And precisely because I have my doubts, I believe that we must be prepared not to permit that democracy be reversed by force. I think that there can be a reversal by force; I admit that someone from the right can win elections through direct vote, as happened with Janio Quadros here in Sao Paulo. But I cannot admit that the right should try to maintain itself in power by the use of arms. Here I am quite favorable to resistance by the people.

FOLHA: Armed resistance?

Lula: Yes, armed resistance. Look, this is nothing new. The U.S. Constitution, around 1700, admitted the armed struggle in cases where there was the need for self-defense to defend the will of the people's majority.

FOLHA: Then, you don't believe that the Brazilian "dominant class" will permit the PT to come to power through the vote?

Lula: I don't believe it. However, I will resort to all possible tricks, all plausible pretexts to try to come to power through the vote. If we do not make it, it will not be because we did not try it, but because they did not let us.

FOLHA: But the PT has not yet participated in an election for president.

Lula: Right. You can run for president and lose. But I have to be prepared, and to prepare the public for the moment when we enter the race and win, and they do not let us take office. When this happens I believe the responsibility will not fall on the left, but on the right.

FOLHA: At that time the PT will reserve for itself the right to react in a way that will not be electoral?

Lula: The PT reserves for itself the right to react with the same arms the right decides to use. This can now be seen in the struggle for land. The peasants do not want war; only land to work. The owners of large tracts of land are the ones who use arms to drive them off the land. When the peasants react, they do the right thing, because they cannot be running away all their lives. I am one who does not admit the existence of social classes. I believe that we could nicely have a single class in Brazil. If you permit social classes to exist, you are fostering class struggle, just as we have seen in other countries...

FOLHA: But look, now that we are emerging from a period of military rule, you are putting the question in the following terms: The PT will not be able to come to power through democratic means, because in principle these channels have been closed to the PT. You are not giving much credit to the building of democracy in Brazil, are you?

Lula: I believe that this is a question of what one thinks democracy is and what democracy is not. I learned that democracy exists where the great majority chooses the rules of the game for the functioning of society--and the great majority is the Brazilian working class. To the degree that this majority cannot determine the rules of the game, I believe it is subjected to a repressive or dictatorial process, or to a process of formal democracy, where the laws are meant to protect the interests of the dominant class, disregarding the interests of the dominated class' fair and legitimate struggle. The full democracy of which we dream is one permitting participation to formulated economic policy, educational policy, transport policy, agricultural policy, and so forth. I do not want to be the only one who

knows the truth and has reason. My truth will have to be submitted to the collective truth. But the dominant class will not let us come to power through the vote, because it will not establish rules to make it possible. In the history of mankind, the dominant class has never tired of power and said: Very well, now it is the working class' turn to govern the country. Either we realize that we have to struggle for power, inch by inch, under changed rules, or we will always go to electoral rallies just to applaud the dominant class.

FOLHA: Democracy is not the vying of power under some basic rules as those applied in the so-called "formal democracies" of Europe and the United States. Theirs is not your idea of democracy, right?

Lula: No. I want to know this: Who approves the rules? To be a democrat is not sufficient to abide by the rules of the game. It is necessary to discuss the formulation of the rules of the games under equal conditions.

FOLHA: Yes, but once the rules have been established...

Lula: Ah! Fine. I believe that we must accept the results. Once the rules of the game give the working class an equal opportunity to participate with other segments of society. For instance, in 1982 when I ran for the governorship of Sao Paulo, I accepted the results although the rules were wrong: Others appeared on television more than Lula did. Although the communication media operates under state concessions, they are serving the interests of the economic power. They invited whomever they wanted to appear, and inviting Lula did not help their interests. Therefore, Montoro appeared on television 30 times per month, Figueiredo 40 times, Delfim Neto 80 times, Sarney 150 times--and Lula appeared once in a year! Is this equal opportunity?

FOLHA: Is Cuba the country that most closely approaches your idea of socialism?

Lula: No, I believe that no country approaches my idea. I believe that any socialist regime, even a capitalist one, must be adjusted to the cultural level of the people, their level of organization. In my opinion, the ideal regime for Brazil will be the one resulting from the discussion of the Brazilian people. What is good for Cuba might not be good for Brazil.

FOLHA: What do you think of the Cuban regime? Will the Cuban experience be taken into account by the PT?

Lula: Ah! A few things are very clear to me. You can by no means dismiss the Cuban success. How could a country of just 10 million people and 11,000 square kilometers end prostitution, infant mortality, illiteracy, and unemployment? These are facts that have been confirmed by international organizations such as UNICEF, WHO, and the United Nations. Cuba is the country with the lowest infant mortality rate in the world. Brazil has more resources than Cuba, Brazil has gold, precious stones, iron ore, bauxite, everything that people need; but it needs to be governed in a better way. Although I feel that the Cuban regime is good for the Cubans, I think that Brazil has to

create its own, new regime. Keeping proportions, we have to admit that Cuba has been more successful than any other Latin American country. Cuba does not have one destitute person. I believe that in a country as rich as Brazil, we can have a better standard of living than Cuba.

FOLHA: To attain that objective, would you be willing to give up freedom for labor organization, press freedom, and the principle of succession in government?

Lula: A new regime would only make sense if it guaranteed freedom for labor organizations, and the freedom of expression. If these guarantees would be suppressed, I would have no interest in the new regime.

FOLHA: But the PT is in practice, not by its statute, a Marxist party, right?

Lula: I believe it is a Marxist party in practice, according to what I have read about Marxism. I prefer the PT to be a workers' party in practice.

FOLHA: What do you mean by workers' party?

Lula: I believe that the PT must do whatever truly reflects the common aspiration of society. It should be loyal, honest, and be involved with the struggle of society at every step. The party must be part of the social movement; it must be democratic, capable of coexisting with adversity and with the compañeros in internal political disputes, recognizing its external enemies. I expect a PT member to abide by these laws.

FOLHA: The PT political project takes society into consideration. But, actually society is made up of workers, businessmen, and the middle class. Will the PT project take into account all these sectors?

Lula: The PT project has to take into account the great majority of people, which is made up of the workers, not the businessmen.

#### Brizola Criticizes Statement

PY031609 Rio de Janeiro O GLOBO in Portuguese 31 Dec 85 p 3

[Excerpts] It is inept, inappropriate, and unwarranted. This is how Governor Leonel Brizola evaluated a statement by Workers' Party [PT] President Luiz (Lula) Inacio da Silva to a Sao Paulo newspaper, admitting that the armed struggle is admissible to resist attempts by the rightist forces to come back.

Brizola said that what impresses him most about Lula's remarks "is his disdain for democracy." In Brizola's view, the positions of the PT president that were revealed in that interview show that "he is 20 years behind the times."

In the opinion of the Rio de Janeiro governor, Lula's position defending the armed struggle "is worthy of the MR-8 [8 October Revolutionary Movement] and some minor Trotskyist groups." Brizola accused the magazine VEJA of trying to boost Lula's image with the public, giving him a cover headline in order to revert the bad light case on him by the "gratuitous offenses" he had hurled at the Rio de Janeiro governor.

/6091

CSO: 3342/57

BRAZIL

BRIEFS

DROUGHT LOSSES IN MATO GROSSO ASSESSED--Campo Grande--The death of 100,000 head of cattle heads a report from the Mato Grosso State Secretariat for Agriculture and Cattle Breeding to be delivered to Agriculture Minister Pedro Simon by state cattle breeders, before 8 January. The cattlemen explained that in the state of Mato Grosso, the losses caused by the drought exceed 3 trillion cruzeiros. They included a list of requirements to alleviate the situation. The report stated that 200,000 hectares planted with soybeans, i.e., 16 percent of the 796,000 hectares under cultivation, have been lost. The report also stated that rice losses have reached 58 percent; corn, 50 percent; cotton, 20 percent; and beans, 57 percent. According to the survey carried out by the Agriculture Secretariat, total losses are 504,500 hectares of crops. Agriculture Secretary Joao da Camara yesterday said that cattle raising, the state's main activity as far as Merchandise Distribution Tax collection is concerned, suffered great losses last year during the critically long drought. He said, direct losses, including cattle deaths and an average loss of 30 kg per animal set aside for fattening, total 720 billion cruzeiros, while indirect losses are estimated at 700 billion cruzeiros. [Text] [Rio de Janeiro O GLOBO in Portuguese 6 Jan 86 p 13 PY] /6091

MISSIONARIES KIDNAPPED IN ANGOLA--Itamaraty has asked the Angolan Government and the International Red Cross for help in securing the release of two Brazilian Baptist missionaries, Sisters Miriam and Margarida Horvath, 23 and 24 respectively, who were kidnapped on 31 December in Kaluquembe, Angola, by UNITA forces that are fighting to topple the Luanda Marxist government. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jan 86 p 1 PY] /6091

CSO: 3342/57

CHILE

PINOCHET LUNCHEONS SEEN SIGNIFICANT PUBLIC RELATIONS GAMBIT

Santiago QUE PASA in Spanish 28 Nov 85 pp 12-13

[Article by M. Ester Roblero]

[Text] "How are things?" Col Guillermo Garin asked innocently on welcoming President Pinochet's guests. He is the head of the La Moneda Palace Military Household. Tall, dark, around 40 years of age, it was also he who had the task of telephoning the favorite individuals some days earlier with the invitation to lunch. "The president wants to talk with you about the situation in the country and the 'Agreement,'" the colonel explained.

This is not the first time in history that the long tablecloths have been laid out in the dining room at La Moneda Palace to entertain "leaders in national affairs," as these guests are now called in the palace. Settling political differences "between courses" is a deep-rooted custom in Chilean history. During the government of Arturo Alessandri, the menu offered by the president was published on the front page of EL MERCURIO. His son, Don Jorge, was more frugal. His guests were invited to share tea with plain biscuits, Julio Duran of the Radical Democrats recounts, but he was also a firm believer in the efficacy of dining room dialogue. Now Pinochet is revising this tradition. In earlier years, some politicians were invited to La Moneda, but never as many as now. Since last 11 September, innumerable "personalities" have passed through its courtyards and corridors. Although the guests have included supreme court judges, the directors of communications media agencies and some young professionals, without a doubt it is the luncheons for politicians which have caught the attention of the public. More than one suspicious individual has wondered what Pinochet is plotting.

Possible Public Relations Ploy

The guest list was carefully drafted by the Office of the Secretary General of the Presidency, which is headed by Major General Santiago Sinclair. On the appointed day, those invited enter the Red Room on the second floor of La Moneda Palace, one by one. Everything there is red--the chairs, the walls, the carpet. A door opens and the president appears. He is impeccably dressed in civilian clothes, with a pearl stickpin in his tie. "He has worn this for a long time," those close to him explain.

Waiters in white serve the cocktails--wine, sherry or whiskey (there is no alternative for nondrinkers), with walnuts, almonds and cheese. Pinochet takes his seat on the chair especially reserved for him, and makes small talk with his guests. This is the only moment at which the press is allowed a brief entry. Then the doors are closed and the party proceeds to the dining room. Some observers say that all of these "personalities" share some common characteristics: they belong to the political "right wing," they recognize the constitution and its time periods, they are anti-Marxist and they value the armed forces. Why have they been brought together in the palace? "The president likes to keep up with what is happening," his closest collaborators explain. "This was a public relations ploy to create the image of an open government," some opposition politicians maintain, for their part.

Others insist that Pinochet is trying to assess how adamant these "personalities" are, above all where the relationship between civilians and uniformed officers is concerned.

Initially it was believed that all of the guests also shared a rejection of the National Agreement. However, during these lunches some have stood up in defense of this document. Sergio Silva Bascunan, Angel Faivovich and Jose Luis Cea set forth their arguments to Pinochet, who listened to them cordially but insisted that his opinion about the "Agreement" was unchanged.

What else has been discussed at these luncheons? No one knows exactly, because the guests have absolutely nothing to say on the matter. According to other politicians who have not been invited to date, the silence is nothing but a screen to conceal the fact that nothing of importance is discussed at the luncheons. They maintain that the talk between courses is about the weather and other trifles. Moreover, they argue, the politicians invited have never dared to criticize the president, making an effort, on the contrary, to appear to be loyal collaborators. Despite all this, it is known that at the first luncheon held at the La Moneda Palace, attended exclusively by members of the UDI, a political plan characterized by controlled openness was proposed to Pinochet.

The unanimous comments of those who have attended the luncheons have to do with the president's calm. They say that he seems relaxed and health, as if in truth nothing worried him. He speaks little and listens a great deal. He seems interested in knowing what the others think. His lengthiest speech usually occurs at the end of the luncheon, when the plates with the seal of the Republic of Chile have been removed. On all of these occasions, he has eaten food somewhat different from that offered his guests--lighter and unseasoned. And he has rarely drunk any wine, always having a yellowish beverage instead, which it is thought might be cold camomile tea. Following the dessert course, he takes some mandarin oranges from the silver fruit bowl on the table and peels them with his fingers. It is then that he makes his speech. He recalls the fragility of pacts similar to the "agreement," mentions the negative experience of the English who trusted the Soviets after World War II, and voices a warning about the use the Marxists make of alliances. Then he rises from the table, and his guests follow suit. He even accompanies them to the door of the Red Room. Luncheon has ended.

The Guests Lists

19 September: Sergio Fernandez, Jaime Guzman, Javier Leturia, Luis Cordero, Carlos Goni, Juan Antonio Coloma and Ignacio Astete. (All are members of the UDI.)

10 October: Mario Gonzalez Contesse (former Masonic grand master), Juan de Dios Carmona (social democrat), Hermogenes Perez de Arce (independent, former national), Mario Arnello (former national), Julio Chana (Alessandrist), Pablo Rodriguez (MAN), Gustavo Cuevas F. (MAN), Angel Faivovich (radical democrat), Jaime Guzman (UDI) and Gustavo Alessandri (independent, former MUN [National Unity Movement] member).

15 October: Julio Duran (radical democrat), Jaime Tormo (radical democrat), Jose Luis Cea (independent, former Christian Democrat), Sergio Fernandez (UDI), Lucia Maturana, Lidia de Carmona, Sergio Silva Bascunan (independent), Jorge Cauas (independent, former Christian democrat), Gustavo Monckeberg (independent), Nicanor Allende (independent), Enrique Edwards (Alessandrist) and Apolonides Parra (PADENA [National Democratic Party]).

18 October: Full Supreme Court of Justice bench--15 judges. (Supreme Court President Rafael Retamal declined the invitation.)

29 October: Manuel Tagle Valdes, Jose Luis Cerda U., Haydee Vallejos M., Carlos Cruz Coke, Salvador Correa Larrain, Carlos Vial Espantoso, Patricio Vildosola F., Jorge Santibanez C., Carlos Errazuriz E., Elena Fornes Llona, Gustavo Vicuna Salas and Jaime Bulnes Sanfuentes.

5157  
CSO: 3348/262

CHILE

EX-SENATOR RESPONDS TO CRITICS OF VALDES' SPEECH AT RALLY

Santiago COSAS in Spanish 28 Nov 85 pp 87-89

[Interview with Juan Hamilton, Christian Democratic Party leader, by Soledad Miranda, date and place not given]

[Text] During the afternoon of Thursday, 21 November, three well-known national personalities took a taxi to O'Higgins Park. They got out at Ercilla Square, and before doing so, one of them said to the driver: "Do you realize the importance of this trip you have made? You have here two National Journalism Prize winners." He was referring to Hernan Millas and Emilio Filippi, who shared the back seat. Turning to the man in the passenger seat beside him, the driver responded: "I have been carrying someone still more important--a former republican senator."

Former senator Juan Hamilton laughed as he recounted the story, and he continued to discuss, revealing satisfaction, what the meeting in the park meant.

"A polemic discussion has developed about how many were present. I believe it is very difficult to establish the truth. What is important is that in my view, this was the largest popular gathering ever held in the whole history of Santiago. I participated in the March of the Young Fatherland during the campaign which put Eduardo Frei in the presidency, with the highest majority ever won in this country. And that involved fewer people than this did. The two gatherings organized by the opposition against the Allende government, that in the National Stadium and that on Grecia Avenue, were smaller as well."

Hamilton, a lawyer, Christian democratic leader and architect by adoption, has worked very closely with the communications sector. In the park, he participated like any other, and therefore could see the crowds present, and how it was already impossible by 6 pm to get across the ellipse to the stage.

"Naturally, this gathering cannot be compared to any of the meetings which have been organized in the support of the government in these past 12 years. A comparison would be ridiculous, impossible."

## Coexistence Is Possible

[Question] What did you think of the massive participation of the MIR [Movement of the Revolutionary Left] and the Communist Party in the gathering?

[Answer] The meeting in the park had various positive features. first, it was gigantic. Second, it was absolutely peaceful. Third, it was extremely pluralistic, both in the social and political senses. There were right-wing, center and left-wing people. That the Popular Democratic Movement was represented would not surprise anyone. What should surprise some people is that contrary to the predictions they made, not one act of violence occurred.

[Question] Didn't this participation entail a risk, in view of everything the spokesman of the National Union and the National Party had been saying?

[Answer] Risk of what?

[Question] Of a rupture in the National Agreement.

[Answer] Quite the contrary. This meeting, and in particular the address by the single speaker, the president of the Alliance and of the Christian Democratic Party, served to ratify the National Agreement. And the people present in the park gave its support as well, although some only did so where the short-term measures were concerned.

[Question] Critics of the address say that Gabriel Valdes revealed the lack of a political program, was destructive in the judgments voiced and failed to show a desire for reconciliation.

[Answer] I do not share this view. I know that it is a difficult task to speak to hundreds of thousands of persons at a gathering who are of one mind, while at the same time speaking over a radio network to a country listening in another spirit. I believe that the address by Valdes to some extent succeeded in making this synthesis. There are parts of his speech, such as those referring to the difficulties of democracy and relations with the Armed Forces, and condemning terrorism, which are notable.

[Question] General Matthei and Admiral Merino had come out in favor of a future dialogue with the opposition, provided always that the extremists were excluded. Was it desirable then to have this meeting where once again the center sectors appeared together with the Popular Democratic Movement?

[Answer] The Agreement has a natural addressee, the Armed Forces. For it to be perfected, it is presumed that the time will come for negotiation with the Armed Forces allowing a peaceful and orderly transition toward a democratic regime. But while this desire is implicit, to date no suitable body within which this dialogue could occur has been created. Thus a meeting like that in O'Higgins Park, which reflects the fact that a large majority of the citizens of Chile, above and beyond all their differences, support the Agreement, want a peaceful outcome, and desire democracy above all, far from being undesirable, is an endorsement. It is in a way a legitimate pressure to

encourage this type of negotiations which can effectively lead toward democracy.

[Question] In this connection, what do you think of the statement by Juan de Dios Carmona, to the effect that the extremist sectors should withdraw on their own from any demonstration for democracy, precisely in order to facilitate negotiations?

[Answer] The gathering revealed what is possible in Chile--the coexistence of all the political sectors, with respect for the values and norms of democracy. There was no ideological customs search there, if such could have existed, to check on what those entering sought. Thus an effort to determine the political identification and personal intentions of those attending seems to me short-sighted and pointless. And it means a failure to understand the political consequences which precisely this gathering should have.

#### Mobilization Is Indispensable

[Question] You speak of political consequences. What are they?

[Answer] I would say that in Chile, the potential for political participation by dissidents had been denied or severely limited for more than 12 years. Thus the positive aspect of this meeting is that the government authorized it and that the national police guaranteed the exercise by the citizens of Santiago by their right to assemble, and for this reason there were no incidents of any type.

Thus the first political consequence is that the dissidents expressed themselves and this is leading them to continue to mobilize. The second important consequence is that we Chilean democrats have again shown to the world the struggle we are waging to recover freedom and democracy. And thirdly, I believe that within the government, beyond the official statements which some spokesmen have made, there can be no self-deception.

[Question] How so?

[Answer] On the highest level, the government must know the truth about what happened that day. What they are putting out to us is not the truth. Certainly the truth is known and understood and will weigh in the decisions of the government in the near future. Finally, I believe that the demonstrative effect of the isolation of the government and the weight of the opposition against the Armed Forces is particularly important. This is just one milestone along the lengthy and difficult path the people of Chile are pursuing to win back democracy.

It is also related to other undertakings which have marked the recent era, which include the appeal for true reconciliation, justice and liberty which the Catholic Church formulated; the generous response of all the political sectors, including the people who favor the government; the vast support given by the social sectors to the National Agreement; and the great support seen from outside, so clearly illustrated by the concern of the government of the

United States, the democratic governments in South America, and the European Economic Community.

#### Desirability of Mobilization

[Question] Does the success of this gathering point to a need to give priority to mobilization over other types of actions?

[Answer] Under the difficult circumstances the country is experiencing, both because of the crisis and because of the lack of will on the part of the regime to satisfy society's demand, various conditions must be met. One is the statement of a possible alternative to the dictatorship which can win the support of a large part of civilian society. In a way, the Democratic Accord is that, because it contains the minimal foundations in the economic and social and institutional sectors, and a governability pact for a democratic regime. The second condition is social mobilization in peaceful, but efficient, terms. This mobilization means more than a street march or demonstration. It is the demand of the various agents of society for the resolution of their problems, in which the common denominator is the necessary democratizing process.

This is what the university students are doing when they abandon the structures imposed on them by the regime to reestablish the FECh [Student Federation of Chile], and it is what the debtors in the south are doing when they join together to save their businesses and keep working. This type of mobilization recognizes a common demand, which is for the democratizing process as the point of departure for an effort which, with sacrifice and with time, can succeed in resolving or at least reconciling the multiple problems to which the regime has given rise over 12 years. Thus social mobilization is absolutely indispensable in order to achieve a transition to democracy. To the extent that the people mobilize in peaceful and orderly fashion, the Armed Forces will have to listen to this demand and provide an answer to it. In this way, the time will come when the Armed Forces will be in a position to keep the promise they made in 1973, when they ousted President Allende in order to "reestablish the institutionality which had been destroyed in the shortest time the circumstances will allow." Twelve years have elapsed and we have been notified by the minister and secretary general of government that the intention of the regime is to stay in power indefinitely.

[Question] How do you view the right wing in such a mobilization?

[Answer] I would say that the right wing is and is not involved. For if one contemplates the problem of the debtors in the south, I suppose that many of these ruined small and average businessmen are men who must be rightist in their thinking. At the same time, it is a secret to no one that the right wing, passively or actively, served as the civilian support of the government, and that, beginning with the failure of the economic model in 1980, it has reacted and moved away from the regime. All of this involves a dynamic, which, should it continue, will leave the government without significant civilian support.

[Question] Neither Andres Allamand nor Carmen Saenz went to the park and they have come out against mobilization.

[Answer] We do not assign so much importance to this...it is an error. I would rather that the National Union and the Nationals had gone. I am not aware of the reasons why they decided not to. I do regret this and I hope that in the future, when a gathering for democracy is held, all will be present and will in this way exert pressure so that democracy comes as soon as possible.

#### Maintaining the National Accord

[Question] You mentioned Minister Francisco Javier Cuadra. How do you interpret the speech in which he accused the Christian democrats of moving always toward the left?

[Answer] Because of the fact that Minister Cuadra occupies a high ministerial post, he plays an important state role. But when he voices daily opinions and criticisms, he does two improper things. He attacks the opponents, without recognizing their right to defend themselves. There have been specific cases of statements by the Christian democrats to which he responded by prohibiting their publication before they could be made known to the public. It is also improper to exceed proper bounds in the use of the mass media. When one hears him making references to the gathering in O'Higgins Park, one would think that he is not acting as secretary general of government, but as the commander in chief of the campaign to elect General Pinochet through the 1989 plebiscite.

[Question] Do you see the Christian Democratic Party as leftist?

[Answer] In the view of some, every faction acting in the country in favor of human rights, to reestablish democratic coexistence or to overcome the crisis is seen as extreme leftist or "red." The Christian Democratic Party has a long history in this country. It has now been in existence for 50 years, and has been both in the opposition and the government. It has functioned under the democratic republic and under the dictatorship. And if there is one charge which cannot be made against it is that it has not been faithful to its principles. Because it opposes the extremes, the Christian Democratic Party is centrist. But it is a progressive party, which wants to reconcile justice with freedom, and this means that it cannot be placed at either of the two extremes, but it can be viewed as in a vanguard position.

[Question] What do you think about the youth of your party, especially in the universities, who provide justification for those who accuse the Christian democrats of lack of definition in their sectorial alliances?

[Answer] We do not act on the basis of what the right or left wing thinks, but rather in terms of how we truly see the reality of the country and our commitment to the people of Chile. It is obvious that we sometimes commit errors. But our position with regard to the Communist Party has been absolutely clear in the universities and in national life. We disagree absolutely with the methodology the communists, the MIR [Movement of the Revolutionary Left] and the Manuel Rodriguez Patriotic Front are using,

employing violence in their form of terrorism to destroy the stability of the regime. For apart from their failure, they become in fact the real supports of the regime in providing some sectors with arguments for claiming that only the government can defend the people against these actions. In the case of the University of Chile Students Federation, we ran in this election independent of the Communist Party.

[Question] Yes, but I was thinking of the University of Santiago de Chile, the USACH, Austral University and others. Are these errors, as you say, or do you give them positive value?

[Answer] I would prefer that this relation of ours with the communists in social organizations which are of importance and have political repercussions not occur anywhere. Precisely, although there is an explanation from the point of view of the organization involved or the actions occurring within it, because from the national point of view this contributes to distorting our image, to confusing many people, and basically, it gives some government sectors justification for trying to distort what we are in the eyes of the public. In any case, the result at the USACH has been that instead of having a communist student at the head of the student organization, a Christian democrat was elected.

[Question] In this whole picture, what does the reaction of the government against the gathering seem to be?

[Answer] The government seems closed, ignoble, ungenerous and unrealistic, turning its back to what the real country is and committed to its sole political model, which is to perpetuate itself in power.

[Question] What remains for the opposition to do?

[Answer] First, to support the National Agreement as an alternative to the model of the regime and as the expression of the agreement of the civilian population. Insofar as possible, to perfect it and broaden it, and in any case to increase popular support of it, which has already been seen in more than 1 million signatures. Secondly, to maintain and perfect peaceful mobilization in the direction of a common demand for the democratization of the country. And third, to demand that the Armed Forces keep the promise still pending since 1973 to replace the institutional system which was destroyed.

From this point of view, the National Agreement represents a worthy solution for the Armed Forces.

It will have to move much farther forward in order to be able to ensure that it keeps its promise through negotiations which will provide the country with a rational political solution and a viable transition toward democracy.

5157  
CSO: 3348/262

CHILE

SECURE VEHICLE FOR POPE'S VISIT DESIGNED

Santiago EL MERCURIO in Spanish 2 Dec 85 p C-3

[Text] Although the preliminary study phase with regard to the design and construction of the vehicle to be used by Pope John Paul II during his visit to Chile in March of 1987 only began recently, it is a certainty that the "Popemobile" will have a fully armored chassis and tires and a bulletproof glass dome to provide the Holy Father with maximum security.

This was announced by the executive officer of Metalpar, Jaime Paredes, although "for security reasons," he refused to provide further technical details about the vehicle. Even so, there is considerable talk about the future "Popemobile" to be built almost entirely in Chile beginning in March 1986, and to be completed in June, months before the arrival of the supreme pontiff in the country.

He recalled that "at the time of the attack on the Pope in the Vatican some years back, he was riding in an ordinary standard jeep, with no standard protection."

It then became necessary to protect the Holy Father, he said, something which had never before been the case in the history of the world. "Now, on all of the trips the Pope makes to various countries, the local security forces make a vehicle called the "Popemobile" available to him. Even the smallest and most underdeveloped countries have concerned themselves with providing him with a very safe vehicle. His Holiness does not usually use his own vehicle on visits, but is provided with one."

He said that "we are currently gathering information from foreign factories which have already done work of this type, Mercedes Benz in particular, which has built such vehicles in recent years. We also asked the apostolic nuncio, Monsignor Angelo Sodano, for all the information the Vatican has, that is to say photographs and measurements and how many people must travel in the "Popemobile." These various aspects are yet to be determined."

However, he confirmed that "the chassis will be provided by the Mercedes Benz firm of Brazil, or, if not, that in the FRG. Negotiations are already under way and work will start at the beginning of March, once the technical and

security details are clarified by the commission which the Ministry of Foreign Relations will appoint on the 15th of next month."

He added that if John Paul II travels with only his driver and bodyguard, a 280-GE chassis with a Mercedes Benz engine from the FRG will be used, while if six persons come to Brazil, we will use a OM 314 chassis with a diesel engine. "The small vehicle will be 4 meters in length and 2.20 in width, and the larger, 6 meters long and 2.20 wide. The height will be 2 meters," he said.

"We will only import the chassis, including wheels, axles, engine and gearbox, because Chile does not produce chassis. We will manufacture the rest, using domestic elements and manpower," he added.

On the subject of some of the characteristics of the vehicle, he said the following: "There must be high visibility, so that all of the people in the street can see the Pope. In addition, it must be high so that he will be prominent, and it must be safe in all respects. In addition, there will be air conditioning, because the Holy Father will be entirely closed in. The tires must be protected. This is a rather complex product."

As to the glass to be used, he said that "it is high security, and can take the impact of high-caliber bullets. This glass is used throughout the world for the protection of safes, banks, etc. It is very light but no type of bullet will penetrate. This glass is domestically produced and is an inch thick, more or less."

5157  
CSO: 3348/262

CHILE

#### LA ESCONDIDA ZINC PRODUCTION EXPECTED TO BEGIN IN 1990

Santiago EL MERCURIO in Spanish 30 Nov 85 p B-3

[Text] If financing is obtained and the sale contracts signed, the La Escondida copper deposit could be exploited beginning around 1990 while it will be decided within the next 3 months whether the Cerro Colorado copper deposit will go into operation. This information was provided by Phillip Crowson, head of the economic department of The Rio Tinto Zinc Corporation, who came to our country to participate in the seminar on "Copper Challenges to the Year 2000," which was organized by the CESCO [Copper and Mining Studies Center].

The La Escondida deposit, which is located in Antofagasta, has 875 million tons of reserves. It is owned by Utah International (60 percent), The Rio Tinto Zinc Corporation of England (30 percent) and Mitsubishi (10 percent).

When Crowson was asked about the progress on the project, he said that "the prospecting work is almost completed, and we are seeking potential markets and financing throughout the world.

"If financing is obtained and copper sale contracts signed, we would be thinking of launching production at the beginning of the 1990s. This is very soon for a deposit which was discovered in 1981."

Concerning the effect of current copper prices on the decision to launch exploitation, he explained that "we are not going to initiate production in 1985, but over a longer term, and we will be projecting prices 10 years from now, which may be very different from those at present."

When asked whether these projections place the price at a level of 70 or 80 cents on the dollar per pound, he explained that the mine is possible at prices below those mentioned, adding that "we believe that toward 1990, prices will be at least at the level of 70 cents on the dollar per pound."

With regard to the background information which led Rio Tinto Zinc to embark on large-scale projects at La Escondida (requiring an investment of more than US\$1 billion), under circumstances in which the oil companies which went into the mining business some years ago are now withdrawing from it, Crowson said that "we believe that we understand mining while the oil companies do not.

The oil companies bought ore deposits when the prices of oil were very high. They believed that they had abundant capital and that the technologies for oil were very similar. They paid ridiculous prices for projects and now they have been burned. As a mining company, we are only concerned with operations which are efficient, profitable and well-supervised."

He added that the projects in which the oil companies in Chile are involved involve copper content levels of less than or slightly more than 1 percent, while the content level at La Escondida is over 2 percent.

"Once the crisis is settled at the metals exchange in London next year, I believe that prices will tend to rise. This also depends on the avoidance of a new recession in the U.S. economy. If these factors are right, the price could reach about 70 cents on the dollar per pound, perhaps in May or June of next year, with an average of about 67 cents per pound for 1976," this expert said.

With regard to the situation of the Cerro Colorado project located in the First Region, also involving copper, he said that the operator is the Canadian Rio Algoma enterprise, in which Rio Tinto has an interest.

He said that the Canadian company has majority control of the project, and "they have not decided to launch the project. They have made arrangements for financing in the marketing of their products and they are studying the question of whether to begin production or not."

5157

CSO: 3348/262

COLOMBIA

**ADMINISTRATION SEEKS FUNDS TO PAY 1986 EXPORT CERTIFICATES**

Bogota EL ESPECTADOR in Spanish 14 Nov 85 p 2

[Excerpt] Yesterday the government began the search for additional resources to pay the CERT [Tax Refund Certificate] to Colombian exporters in 1986 since the predicted revenue for 1986 will not cover it.

The Executive Branch had budgeted 6,551,000,000 pesos, 30 percent of the 5-percent tax on imports.

However, one decision of the Council of State is that only 20 percent of that tax can be used next year for payment of the CERT. This lowered the available resources to 4,434,000,000 pesos which means a budgetary imbalance of 2,217,000,000.

The CERT is an instrument through which the state refunds part of the taxes that local exporters have paid in advance.

The confusion arose from different interpretations of Budgetary Finance Law No. 55 approved at the beginning of this year. Treasury resources to meet its obligations to the export sector were overestimated.

This circumstance forced the minister of finance, Hugo Palacios Mejia, to ask Congress for ways to make up for that imbalance.

Palacios Mejia sent a letter to the president of the Chamber of Representatives, Daniel Mazuera Gomez, who is also the proposer of the budgetary finance bill for 1986. The letter asked the congressman to explain the situation to the chamber and propose additional resources to make up for this new budgetary shortage.

7717

CSO: 3348/233

COLOMBIA

BACKGROUND OF PROPOSED OIL PIPELINE NEGOTIATIONS TRACED

Bogota EL ESPECTADOR in Spanish 13 Nov 85 pp 1-A, 9-A

[Article by Dario Fernando Patino]

[Text] The Colombian Government authorized the construction of a pipeline between Rio Zulia in northern Santander and Covenas in Sucre costing \$500 million (more than 80 billion pesos). This violates the existing laws in the country, goes beyond the contract signed between Occidental and ECOPETROL [Colombian Petroleum Enterprise] and ignores the opinion of technicians and directors of ECOPETROL.

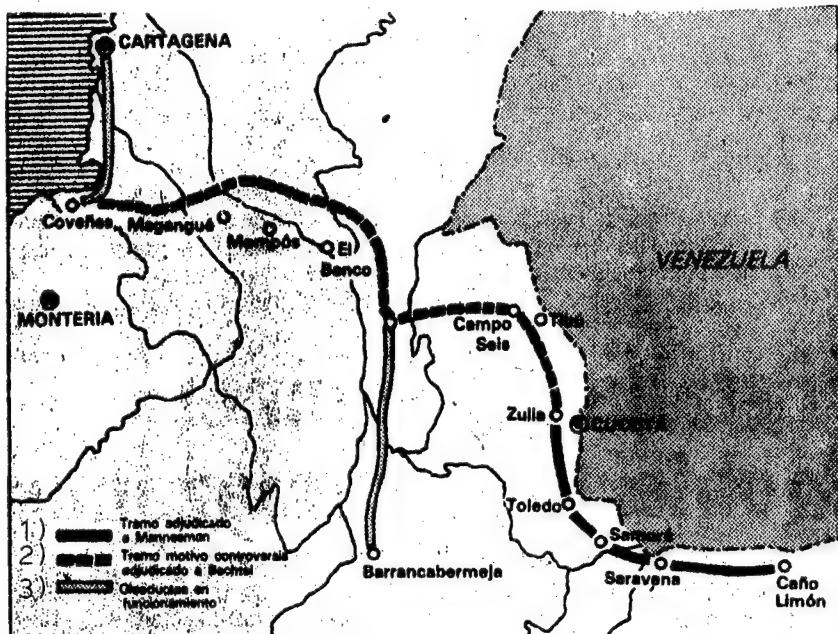
The specific objective of this enormous project that will require public expenditures of more than \$250 million is so that the U.S. firm Occidental Petroleum Company, discoverer of the rich Cravo Norte field in Arauca, can export more than 100,000 barrels of crude oil per day beginning next year.

Occidental awarded the construction of the 480 kilometers of pipeline and the adaptation of the port of Covenas to the Bechtel Company of the United States without public bidding. It is rumored that Occidental is one of its shareholders.

Despite the opposition of two members of its executive board who considered the pipeline illegal and undesirable and the abstention of the previous minister of mines and energy, Alvaro Leyva Duran, ECOPETROL approved the project during a meeting at which, oddly, the two opponents to the project were not present.

A few days later, Occidental carried out one of the biggest deals in its history by selling half of its participation in the Cravo Norte field and other annexed areas for \$1 billion. It had only invested some \$60 million in them.

EL ESPECTADOR learned about this from sources tied to the oil sector and by consulting files and press publications that have referred to the singular relationship between the Colombian Government and Occidental, listed by FORTUNE magazine as the eighth largest enterprise in the world in 1984.



This map shows the path of the Puerto Limón-Río Zulia-Covenas pipeline.

**Key:**

1. Segment awarded to Mannesmann
2. Controversial segment awarded to Bechtel
3. Operating pipelines

**Luck?**

Apparently, Occidental's success in our country is due to luck and the boldness of its president, Armand Hammer, an 86-year-old man who has been involved in unusual business deals with people like Lenin, Mao Tse-Tung, Nixon and Qadhafi.

On 11 June 1980, Occidental signed an association contract with ECOPETROL to explore the Cravo Norte field located in the intendance of Arauca a few kilometers from the border with Venezuela at its own risk. The area had already been unsuccessfully explored by Texas in the last decade and in 1982 the mighty Exxon ended its search there without achieving the fabulous results it had expected even though it had invested more than \$120 million.

Although there were critical times when it almost withdrew from the project, it found a promising well at the end of 1983. About 6 months later, this and successive findings made up the second largest discovery in Colombia since the famous Mares Concession near Barrancabermeja in 1921.

According to spokesmen of the company, the government and the private sector, it was a real stroke of luck that this company in financial difficulty and with relatively little investment found good quality crude oil in an area where there did not seem to be good reserves.

However, facts indicate that it was not so much a stroke of luck but the generosity of ECOPETROL which led to such good results. In a report published at the beginning of this year, the vice president of Occidental, James B. Taylor, stated that the success of the company was due to ECOPETROL's flexibility in handling contracts and finances rather than to a technological feat.

The U.S. businessman said: "It would not be an exaggeration to state that the Cano Limon discovery (or Cravo Norte) would not have been achieved under a rigid system. The terms of the association contracts were the key to this success."

#### Flexibility That Hurts

The government's generosity has continued since the discovery until now. At the very beginning, Occidental violated the basic rule of waiting for ECOPETROL to communicate the good news. It announced it internationally in statements Hammer himself made to THE WALL STREET JOURNAL, the most important financial newspaper in the United States.

According to reliable information, this angered the Colombian authorities who learned of the discovery from the foreign press. They sent a letter of protest to the directors of Occidental.

The parties to the contract continued to have frequent public disagreements about the size of the reserves and the production capacity of the field. Precisely how much oil exists under the soil in Cravo Norte has still not been determined.

The pressure of the news forced the minister of mines and energy to call a press conference at the Cano Limon wells and warn that, from then on, the national government would be the only one that would report on this. At that time, Occidental spoke of 1 billion barrels in reserves and ECOPETROL 600 million. They have never agreed.

#### Enter the Pipeline

After the discovery was confirmed, the parties agreed to construct a 300-kilometer pipeline between Cano Limon and Rio Zulia (near Cucuta) to connect it with another one already installed between there and Covenas which belonged to Chevron Company. This procedure was defined by the contract itself so that it did not arouse controversy.

Despite the fact that two pipelines leave from Rio Zulia for the ports of Covenas and Cartagena, ECOPETROL approved Occidental's request to construct another one that had the capacity to transport up to 200,000 barrels of crude oil per day since it was agreed that the existing ones were not enough.

#### Discussion Begins

The decision, however, caused intense discussions within the executive board of ECOPETROL. One member supported the thesis that the association contract could

not permit a project costing almost \$500 million and involving public money to be awarded except under the regular ECOPETROL system, international public bidding.

He stated that there is no legal way Occidental, as operator of the project, could privately contract the execution of the pipeline. He felt that doing this meant ignoring Colombian legislation.

Another director opposed continuing forward with the million-dollar project without defining who was going to export how much. He cited as an example the case of Orito in Putumayo, a promising field that was unfortunately exploited in 1975 when the price of oil was much lower than today. It was almost exhausted in a short time.

He also observed that, with a much lower investment, it was feasible to adapt the existing pipelines and the port of Covenas in order to export moderate amounts.

The minister of mines and energy then, Alvaro Leyva Duran, preferred to let his successor, Ivan Duque Escobar, participate in the decision.

In the end, approval was given at a meeting at which only Minister Duque Escobar and directors Gilberto Arango Londono and Ignacio Betancur and alternates Ernesto Carrizosa and Aurelio Martinez Canabal were present.

The responsibility of constructing the pipeline and the Covenas terminal was given to Bechtel, a U.S. firm that some years ago was headed by the current U.S. secretary of state, George Shultz. According to sources in the U.S. financial market, Occidental has shares in that company to which it awarded a contract for \$500 million.

#### Hardship or Convenience?

There were various reasons to defend the contract. Occidental, without being authorized, bought \$80 million worth of pipes for the pipeline before the decision was made as to who was going to do the project.

Other members of the executive board felt it was wrong for the government to antedate that decision that was finally made with obvious pressure from Occidental.

Following the guidelines of the contract, ECOPETROL could have let its partner commit only itself to the project. One of the clauses (21.2) establishes that if one of the parties wants to do work for oil transportation and export without the agreement or disapproval of the other party, it will be authorized to construct, operate and maintain those installations at its own cost and risk without affecting the normal development of the joint operations.

Nevertheless, ECOPETROL agreed to the project and, therefore, must pay more than \$250 million (some 40 billion pesos) despite the fact that everything seems to indicate that the greatest benefit will go to the foreign partner.

## First-Rate Business

It is curious that a few days after receiving approval, Occidental surprisingly sold 50 percent of its share in the different projects in Colombia to the European firm Shell. The minister of public works, Rodolfo Segovia Salas, called this \$1-billion transaction (it is believed it was much higher) "a miracle from heaven." It not only saved Occidental from its financial problems but guaranteed coverage of its investments in the country and increased its earnings.

However, things are not as rosy for ECOPETROL which this year will have losses of about 25 billion pesos, according to its president, Alfredo Carvajal Sinisterra.

It will also have to commit itself to an ambitious foreign debt program of \$200 million that has led the country to make some questionable concessions to international credit organisms.

ECOPETROL's need to make such high investments has meant that, for the first time in its history, it owes the foreign companies from which it buys oil. The minister of mines and energy and the president of ECOPETROL have warned that the future readjustment of domestic fuel prices will be aimed precisely at compensating for these losses.

In a recent speech to the Senate, Minister Duque Escobar gave a description of the precarious financial situation of the largest state company in the country. At the same time, he defended the pipeline and noted that there was no justification to delay this project since it would have to be done in the future.

## Oil Exhausted

What is that future? Despite the importance of the recent discoveries, ECOPETROL has not officially announced that its recoverable reserves total more than 1.5 billion barrels of crude oil. In other words, if new productive fields are not found, Colombian oil would barely last 10 years.

Events and statements this past year lead to the prediction that the extraction of crude oil will not be as moderate as experts recommend.

In talks with the U.S. press, tacitly corroborated by speeches by the top oil executives in Colombia, Mr Hammer has assured that his field in Arauca (Cravo Norte) will produce 200,000 barrels of crude oil per day for the company starting in the middle of 1986 (EL ESPECTADOR, 25 Oct 84).

Considering that Occidental (with Shell) owns barely 40 percent of the production of this field, this means that, according to his optimistic predictions, Cravo Norte would produce some 400,000 barrels of crude oil per day which would exhaust it in less than 5 years. The technical recommendation is not to produce more than 100,000 barrels per day.

## Who Decides?

The way this field should be treated has not been decided by the oil authorities yet. Despite the continual summons by the Congress of the Republic, there has been silence on this subject.

According to what is written in the association contract, it does not seem that the government has the authority to make this decision. According to another clause (12.1), the operator (Occidental) will periodically determine, with the approval of the executive committee, the proportion in which the wells will be exploited.

Authorized spokesmen like the former president of ECOPETROL, Juan Francisco Villareal, one of the few Ph.D.'s in oil engineering, have warned repeatedly about the dangers of excessive extraction of crude oil, both technically and financially.

With the volumes of exploitation that the government promised Occidental, according to Villareal, in 1990 we will definitely have to import oil again. Permitting the foreign partner to make all the exports cheats the country since an equilibrium in the balance of payments will never be reached. The dollars received for oil sales will not come back to the country, thanks to the law.

A recent statement by the minister of mines and energy gives an idea about who that fortunate exporter will be. "It appears to be best if ECOPETROL supplies the domestic consumption and its partner exports."

## Travesties Continue

The friendship with the legendary Armand Hammer is costing the country dearly. At this time, the executive board of ECOPETROL is again the scene of serious confrontations due to unforeseen changes in the expense accounts by Occidental as operator of the project.

One of the most brazen examples is that after it rejected the existing pipelines, Occidental demanded that one of them--from Velasquez to Covenas--be readapted so that it provide service while the main one is finished.

This controversial decision, reluctantly approved by the executive board of ECOPETROL, can cost \$14 million in additional expenses for the joint account and demonstrates the partner's desire to export its product.

As if this were not enough, it then demanded the purchase of special equipment for the Covenas terminal costing close to \$50 million when the budgeted cost for that part of the project was barely \$27 million. This bill has not been approved due to opposition by some directors who stated that it is not possible to accept such overruns since the contract with Bechtel was signed at a fixed cost.

Very reliable sources assured EL ESPECTADOR that directors of Occidental, headed by Hammer, have tried to pressure President Betancur himself to approve this investment.

The actions of the multinational company must be controlled by an executive committee made up by representatives from it and ECOPETROL. These new bills bled the executive board to appoint a committee of experts to give them bi-weekly reports on the actions of the executive committee but this apparently has generated discord between the parties.

#### Favored

The way Hammer moves in the financial world easily shows the favored one in the negotiations related above. The multifaceted businessman told his shareholders: "Colombia represented almost all the increase in exploration and development expenses of the enterprise, \$203 million to \$235 million since last year."

Remembering that just this year it received \$1 billion for the sale of half of its projects in our country, it is clear that these \$32 million in additional efforts have been more than compensated for. A stockbroker on Wall Street, citing company sources, stated that Occidental's revenue from Colombia will reach \$200 million in 1986.

The vice president of Occidental wrote in an article published by the REVISTA DE MARES of ECOPETROL: "When the drilling of the well (Cano Limon) began, our efforts to obtain partners had failed. Many of the companies said they did not have funds; others had doubts about the oil potential in the Llanos basin. Still others expressed their lack of interest in exploration in South America. It need not be said, but we have received countless proposals for association after the Cano Limon discovery."

Analysts ask why Occidental wanted to sell its participation in Colombia if, in a report presented to the government on 22 February 1985, it stated that it had \$1.2 billion to invest in the Cravo Norte project and that it also had \$2 billion in unused authorized bank credits. One of the analysts noted: "With so many resources and the good oil it says it has, anyone would prefer to keep working in Colombia."

This is not all. Rumors continue to spread that it will also sell the rest of the shares here. Whether that negotiation is finalized or not, Hammer has concluded one of the most important and successful financial adventures in recent years at the expense of the oil and finances of a South American country.

7717  
CSO: 3348/233

COLOMBIA

TELEVISION SHOW AROUSES AWARENESS OF FOREIGN OIL PRIVILEGES

Bogota EL ESPECTADOR in Spanish 20 Nov 85 p 8-A

[Article by Dario Fernando Patino]

[Text] Colombia hopes to resolve a good part of its economic problems through oil exports beginning next year. However, it does not have any instrument to permit it to retain at least part of the enormous profits that the foreign companies that mine hydrocarbons in national territory will receive, thanks to one of the many laws casually approved by the Congress of the Republic.

Despite official statements on the imaginary energy situation, the truth is that there is nothing in current legislation that guarantees that Colombian petrodollars will remain in the country and resolve the public finance problems.

In a hasty, last-minute session, the Chamber and the Senate approved one of the most unusual laws in recent times, without even realizing it apparently. They exonerated the foreign oil firms from continuing to pay the export tax in Colombia so that they could pay it in their countries of origin, mainly the United States, France and the United Kingdom.

This measure is only one paragraph in Article 46 of Law 9 of 1983 (on tax reform), but it will mean a loss in dollars for Colombia that is impossible to quantify. Despite their seriousness, these three lines in the mentioned law suddenly appeared without the government or the proposer of the law admitting having introduced them.

Incredible History

Although 2 years have passed since its approval, this glitch did not arouse any concern until a few days ago when voices of authority like that of the comptroller general of the republic, Rodolfo Gonzalez Garcia, were heard during an investigation by journalist Gloria Cecilia Gomez of Cinevision.

Ever since the foreign oil companies arrived in Colombia at the beginning of the century, their profits have enjoyed countless privileges. These were fully ratified in 1967 with Decree 444 (or the Exchange Statute) that

eliminated their obligation to return the foreign currency they received from their oil exports to the country (Colombia).

However, at that time at least the 20-percent tax on exports or profits that the enterprises sent abroad remained in effect. Also they had to pay a 40-percent income tax like any other company.

In 1974, the Lopez Michelsen administration issued the economic emergency decrees and the export tax became the only tax supervised by the Exchange Office of the Bank of the Republic and not the Tax Administration which was logical and traditional.

Since the oil companies could bring in and take out dollars without supervision by that office (no one really knows how much they invest and how much they earn), this meant that there was complete tax evasion from that time on since there was no known amount on which to collect taxes. As if that were not enough, the oil service companies whose currency exchange is supervised also began to ignore their obligations to the treasury, receiving most of their payments in other territories so that they were not accounted for here.

#### "Magical" Solution

In an effort to control the loss of dollars, the government decided during the 1982 economic emergency that supervision of the export tax would return to the Tax Administration. At the same time, it decided that this would be collected when ECOPETROL [Colombian Petroleum Enterprise] paid the foreign firms for its purchase of hydrocarbons, not afterwards, in order to prevent tax evasion.

Like most others, this emergency decree was annulled by the Supreme Court of Justice. Therefore, it had to be proposed to Congress in the form of a bill.

The bill retained the export tax for the oil companies, according to testimony by one of its authors, attorney Horacio Ayala.

However, just before being approved, the mentioned paragraph of exemption appeared, worded in such a way that it surely kept the parliamentarians from understanding its significance. Not even the proposer, Gabriel Rosas Vega, who had to have studied the bill in all its dimensions understood it. That can be seen when reading his report to the Third Commission of the Chamber. The minister of mines and energy then, Carlos Martinez Simahan, said that the government did not introduce the curious change. There is no clue in the congressional records to indicate who was responsible.

The oil companies, some of which are the richest in the world, received the harshest punishment imaginable for tax evasion for so many years: they were legally exonerated from paying the tax.

#### Who Benefits?

Contrary to what first thought, those who benefit the most from this exemption are not the foreign companies but the treasuries of their native countries.

According to the tax legislation in countries like the United States, France and the United Kingdom (which have the largest participation in the 195 association contracts and the 21 concessions), when one of their enterprises must pay taxes abroad, it is exempt in its native country. When the reverse occurs, that benefit is eliminated. This means that the depressed Colombian state granted these three countries the opportunity to tax a minimal part of the oil profits.

This is perfectly explained in a memorandum sent to the comptroller, Rodolfo Gonzalez Garcia, by Martha Juliana Silva de Ricaurte, a UN consultant. To begin with, she considered "the preferential treatment given to the mining and oil enterprises by Law 9 of 1983 debatable from any point of view."

She maintained: "From the perspective of the tax policy, this exemption is wrong since they are being given preferential treatment. Therefore, collections are not being made from the sectors where most of the foreign investment in recent decades has been concentrated and where they are now preparing to begin the largest exports, concretely of coal and oil."

She added: "This exemption is merely a transfer of funds to the treasury of any developed country that invests in Colombia (mainly the United States), given the laws of those countries on credits for taxes paid abroad, known in English as foreign tax credit."

The consultant also pointed out that the income tax rate that is collected in Colombia is lower than that of other mining and oil-exporting nations like the United States which collects 48 percent, Canada, 50 percent, and the United Kingdom, 52 percent. (Remember that the rate here is 40 percent.) The memorandum concluded: "Colombia taxes the revenue of the foreign companies at a lower rate. Its tax generosity is equivalent to a transfer of resources from the General Treasury of the Republic to the treasury department of the United States, the United Kingdom, or any other country. If they do not pay here, they pay in their native country."

#### Nothing Remains

What is left for Colombia? Oil exploitation is done under concession systems through which the foreign firm extracts all the crude oil at its own risk to sell it to ECOPETROL. (It is not yet exported.) It is also done through systems of association where exploitation of the field is divided in half with costs shared equally. ECOPETROL also buys the crude oil from its associates.

The state enterprise pays for that oil at a price almost equal to the international price--that is, \$29 per barrel. About 75 percent of that payment is made in dollars and 25 percent in pesos. The fraction in local currency is used to pay for obligations in Colombia like manpower, suppliers, and income taxes. The vast remainder can leave the country without any control and without being taxed.

The foreign associates allegedly allocate 20 percent of the oil they find for royalties to the municipalities and departments surrounding the field. This is not really the way things are since if the association contract is read

carefully, it can be seen that ECOPETROL--in other words, the taxpayers themselves--pays half of that.

Although there is no authority to control this movement of dollars earned from Colombian reserves, ECOPETROL revealed that in 1984 the associated companies produced 5.6 million barrels of oil and the concessionaires produced 23.6 million barrels. They sold these to the state at an average price of \$28.5, meaning revenue for them of about \$900 million (some 126 billion pesos) of which \$675 million could easily have left the country. However, experts consulted by this newspaper state that these figures are low.

According to those observers, the saddest thing is that now that the country is preparing to export crude oil, it will be more difficult to grab some of that bonanza even though government speeches say the opposite. If the foreigners remain the only ones allowed to export, as seems to be the case, they will receive their dollars abroad. Since they will have no obligation, they will really pay very little into the national coffers. Occidental, obviously, will benefit the most.

On the other hand, if ECOPETROL exports, repayment is obligatory and the benefits of the bonanza will be more tangible. Otherwise, the only benefit will be that oil will not have to be imported like it is now. That will mean a decrease in expenses of approximately \$500 million per year which is little compared to the large volumes of crude oil that will soon be produced.

#### Troubled Waters

Under such conditions, it is better to be a foreign oil company than a Colombian one since the latter would be required to repay dollars and to pay a double tax.

Many Colombian investors see it this way. During this investigation, EL ESPECTADOR learned that several Colombian citizens and financial corporations have formed oil companies in places where few taxes are paid like the Bahamas and the Cayman Islands. They then come here as foreigners and sign association contracts with ECOPETROL. In that way, they receive all the benefits of a foreign investor. A good part of the existing associations are like this. Thanks to this "parliamentary improvisation," as the comptroller called it, the oil bonanza is at the door, but only of the foreign companies.

The defenders of the exemptions assure that it is a stimulus for investment. This must be true since in 1984, after Law 9 was approved, Colombia "broke a record" in association contracts signed. According to the president of ECOPETROL then, this success was the result of Colombia's good image, political stability, and reliability.

7717

CSO: 3348/233

CUBA

## HAVANA ARCHBISHOP ON RELATIONS WITH STATE, CHURCH ATTENDANCE

Santiago MENSAJE in Spanish No 345, Dec 85 pp 521-522

[Interview with Msgr Jaime Ortega, archbishop of Havana, by Raul Gutierrez, at the Archbispopric in Havana; date and time not given]

[Text] It was a spectacle without precedent in the last quarter century of Cuban history, for some a symptom of a more comprehensive change that is taking place in Fidel Castro's regime. Thanks to direct radio and television coverage, millions of Cubans were able to hear the message of many committed priests, nuns and laypersons from all over the region, who participated in the conference on the Latin American foreign debt.

The paradox is obvious, considering that the Political Constitution that was drafted in 1980 and bears the label "the victorious doctrine of Marxism-Leninism" shows little respect for religion and actually imposes severe restrictions on it. In fact, after proclaiming that "the socialist state bases its actions and its teachings on the scientific-materialist concept of the universe," permanent Article 54 "recognizes and guarantees the freedom of conscience and the right of each individual to hold any religious belief . . ." But "placing one's faith in opposition to the Revolution, education, fulfilling the duties demanded by one's employment, the armed defense of the Fatherland, respect for national symbols and the other duties set forth in the Constitution" is declared illegal and punishable.

The young archbishop of Havana, Msgr Jaime Ortega, followed the speeches with interest for 4 marathon days, seated in the back row of the enormous hall at the Palace of Conventions. He maintained similar discretion with journalists; very few managed to wangle an invitation to interview him at the beautiful colonial palace that serves as the headquarters of the Archbispopric, in the heart of old Havana. Because of its historic value, this area has been declared by UNESCO to be the "patrimony of humanity."

### Value of Prudence

[Question] Msgr Ortega, you could have taken advantage of the presence of hundreds of journalists from all over the world and called a press conference to explain the situation and the position of the Cuban Church. But you did not do so, and in fact behaved rather elusively.

[Answer] It is not out of fear or carnal prudence that we bishops have in general decided to take the cautious attitude you have noted; we have avoided making statements that are susceptible to being interpreted simplistically.

The situation in Cuba is complex, and one must be very open-minded to analyze it. We do not think rigid assessments are appropriate. The Revolution has some favorable aspects and other negative ones. Furthermore, external factors have had a significant influence on its dynamics; one example is the position of the United States, whose threatening proximity is difficult for those ignorant of our history and geography to understand.

We know, moreover, that our words can be manipulated, especially abroad. Thus, we have chosen to remain silent. For example, we have not praised the undeniable social advances or the promotion of such noteworthy values as racial integration, respect for labor, solidarity, etc., because if we had done so, some would have accused us of being opportunistic, and others would have thought we were a church subject to political power.

[Question] It is commonly believed abroad, however, that the Cuban Church is persecuted, or at least subject to constant hostility.

[Answer] The head-on collisions with the regime are a thing of the past. But we do feel rather limited. There is no possibility of spreading the Gospel through the mass media. Education is militantly atheistic, which makes us appreciate the importance of freedom of education and the availability of Catholic schools. Full participation in political life is a right to which only members of the Communist Party are entitled.

[Question] In such an environment, there is a very great danger of becoming a ghetto.

[Answer] We know that such a danger exists. In a society that is, in the best of cases, moving from an attitude of hostility to the church to one of tolerance, religious activities acquire an unusual value. There is a strong temptation to restrict one's feelings of loyalty to God and the Church to the confines of the temples, hoping that others will be attracted to it by spontaneous religiosity or by a desire for transcendence when the basic necessities of life are satisfied. We do not want to remain in a circle of initiates; we must assume the tasks and risks the Lord offered to those who wanted to be His disciples.

It is beautiful to be able to say that a growing number of laypersons are taking on the challenge that this implies. Thus, alongside the devoted men and women who are dedicated to caring for the sick and elderly in the state welfare agencies, we find hundreds of professionals, workers, technicians and peasants whose willingness to serve, spirit of solidarity and sense of discipline distinguish them in their workplaces, neighborhoods or schools.

[Question] In light of what you have stated, the normalization of life in the Cuban Church, which you would like to accomplish through dialogue with the

government, goes far beyond the solution of short-term or formal administrative problems.

[Answer] We want to work with others shoulder to shoulder for the common good in our Fatherland. We want to say no to everything that strikes us as dehumanizing, and to respond quickly when exertion, sacrifice and love are needed.

We hope that the way we are perceived will change, so that the community of people who believe in the Lord will no longer be regarded as a body that is alien to society. We hope that the quiet tolerance or mere acceptance that we face today will one day become full participation, without demagoguery or boastfulness on our part, but also without our having to deny what we are.

[Question] In a recent homily you gave before the members of the Cuban Ecclesiastic Reflection, you stated that you want a church that will belong to everyone, a missionary and liberating church.

[Answer] Yes, a church that belongs to everyone, with a presence among the people themselves, totally open to dialogue. This does not mean acceptance of ideologies, but progress toward an encounter with mankind. It would be a missionary church that would radiate the light of the Resurrected Christ, so that our brothers could discover the transcendent meaning of life. It would also be a liberating church, committed to the service of its brothers and demanding its right to love deeply.

In sum, with the help of the Lord, we are trying to build a church that experiences the spirit of the beatitudes, in poverty, with the feeling of the cross, constantly seeking and revising, and with a spirituality that is at once individual and communal.

[Question] What kind of relations do the Cuban bishops have with their counterparts in the rest of Latin America?

[Answer] The government has never prevented us from leaving the country to attend meetings or to travel to Rome. So our participation in the Latin American Bishops Conference (CELAM) is completely normal. I would say that many Latin American brother bishops do not understand our position, but they have never failed to show us respect and esteem.

[Question] It is said that Liberation Theology has aroused the interest of Fidel Castro and of high-ranking political decision-makers in Cuba.

[Answer] It is true, and perhaps that is the reason for the obvious change that has taken place recently in attitudes toward religion, manifested at the debt conference in a way that until recently would have been unimaginable.

In the beginning, government and Communist Party officials had a very imperfect understanding of the meaning of that school of theology. There were those who contended that it had no relevance to Cuba, since the country has freed itself of poverty and exploitation. At present, there appears to be an effort to understand the phenomenon better.

We value the efforts many brother theologians have made in trying to establish a closer bond between reality and the message of the Lord. Nevertheless, our priorities are different. Rather than the Christian-Marxist dialogue, for example, what we are interested in is a frank, sincere dialogue between the Cuban Government and our church.

[Question] Beyond that dialogue, however, which could be considered institutional, it would be interesting to find out what has happened to the people's religious attitudes in an atmosphere that has not favored religion.

[Answer] At the sacramental level, according to our estimates about 40 percent of all children are baptized. We do not have reliable figures on the total number of baptized people, but it undoubtedly exceeds 50 percent of the population. We estimate, on the other hand, that only about 1 percent of the people attend Sunday mass.

Now, at the last Festival of St Lazarus, honoring a figure who is highly venerated by the people, the police estimated that nearly 200,000 people attended. This is an impressive figure if we consider that the population of Havana is just over 2 million. Significant numbers also continue to go to the Sanctuary of the Copper Virgin of Charity.

It is important to note that since the turn of the century this country has undergone a severe secularization process, which distinguished Cuba from what we could call the average Latin American society. In other words, some trends date back many years, and respond to phenomena that are more complex than just the Marxist-oriented revolution.

8926

CSO: 3248/126

CUBA

SAVINGS BANK URGES RENTERS TO APPLY FOR OWNERSHIP

Havana BOHEMIA in Spanish No 45, 22 Nov 85 p 35

[Text] Message to the Public from the People's Savings Bank

The People's Savings Bank would like to express its concern about the small number of onerous usufructuaries who have come to its offices to complete the necessary procedures to acquire the long-awaited Deed of Ownership to the dwellings they now occupy. The following figures (as of 23 October) provide objective proof of what we have stated:

Estimated total of onerous usufructuaries:	507,637
Application forms handed out to:	404,223
Number of applications duly completed and turned in to the Bank:	151,910
Remainder still not turned in:	252,313
Usufructuaries who have received their Deeds:	100,772

As the above figures show, only 20 percent of the onerous usufructuaries have obtained the benefits provided under the General Housing Act by becoming owners of their homes. In contrast, 50 percent have not properly filled out and returned the applications to the Bank, to enable it to expedite processing and deliver 100 percent of the Deeds of Ownership in honor of the 3rd Congress of the Communist Party of Cuba (PCC).

On the other hand, the usufructuaries are still slow to go to the Settlement Agencies, once they have been summoned, to pick up their Deeds of Ownership. As of 23 October, the Offices of the People's Savings Bank had 25,000 Deeds of Ownership that had not been picked up by the interested parties.

In addition, we can report that 103,414 onerous usufructuaries did not pick up the forms at the Bank on the two occasions when they were called upon to do so.

Which situation applies to you? Do you already have your Deed of Ownership? Have you not yet gone to the Bank to pick up your Deed of Ownership? Have you not yet picked up the applications to fill out? Have you picked them up but not returned them, duly completed, to the Bank?

The People's Savings Bank, being the bank of the Cuban family, is always ready to serve you and to help you by providing dedicated service and facilities of all types. To help the public process the Deeds of Ownership, the Settlement Agencies remain open until 2200 hours. We repeat once again that the employees of these Agencies are ready to serve you, in accordance with the Code of Conduct they have signed.

We are appealing to everyone now to meet their commitments to the People's Savings Bank and to the Cuban Revolution by taking the following steps now, without delay!

- 1) The 103,414 onerous usufructuaries who have not yet gone to the Bank to pick up the blank applications to request transfer of home ownership are hereby informed that as of today they can go to the Settlement Agencies at any time--the sooner the better!--to pick up these forms, without waiting for more announcements or appeals;
- 2) The 252,313 people who have received the applications but have not returned them should do so quickly, taking advantage of the facilities we provide. If you have any questions or problems, do not hesitate to ask the employees of the People's Savings Bank, who are ready and willing to answer your questions;
- 3) The 25,000 onerous usufructuaries who have completed the transfer process at the Settlement Agency in their municipality are hereby informed that their Deed of Ownership is awaiting them and they should pick it up as soon as possible, thereby helping us to carry out expeditiously the tasks assigned us under the General Housing Law.

**People's Savings Bank**

Don't forget we are your Bank. This means you have an obligation to help us.

8926  
CSO: 3248/126

CUBA

BRIEFS

USSR RECEIVING DISPLAY MONITORS--The workers of the Enterprise for Producing Technical Equipment for Computers (EMCO) fulfilled their production plan for exports, upon completion of the 1,320th display monitor. The monitors are to be sent to the Soviet Union, and were manufactured at the EMCO plant in Arroyo Naranjo. The EMCO production plan calls for 1,600 display monitors; 1,413 have already been completed, which puts the enterprise in a good position to fulfill its production plan by the end of December, for the first time since 1981. This year a total of 1,440 CID-7220 display monitors will be exported to the USSR. Several lots are waiting in warehouses for CONSUMIMPORT to pick them up and ship them, reported Jorge Garcia, director of the production center. EMCO Director Francisco Fernandez explained to GRANMA that this year the enterprise has already produced more than in all previous years put together. He stated that in July there was a backlog of 193 monitors. The supply was stabilized, however, and the remainder was made up as a result of the effort and dedication of workers and technicians at the center, as well as a support group that came from other enterprises in this sector. There too, many voluntary workdays were put in on both working and non-working days. [Excerpts] [Havana GRANMA in Spanish 22 Nov 85 p 3] 8926

CSO: 3248/126

ECUADOR

BRIEFS

FEBRES TO VISIT U.S.--President Leon Febres Cordero's visit to the United States will be very important for Ecuador and for the Foreign Secretariat because it will include the discussion of political and economic affairs and bilateral cooperation between our two countries, Foreign Secretary Edgar Teran has said. [Begin Teran recording] From the standpoint of protocol and as an international political event, the visit will be especially important for Ecuador because it will be an extended state visit during which president Febres will receive the highest honors conferred by the U.S. Government to visiting heads of state. A number of issues in connection with politics, economics, and international cooperation between the United States and Ecuador will be addressed during the visit. These will bring very positive results for Ecuador. [Excerpts] [Quito Voz de los Andes in Spanish 1130 GMT 23 Dec 85 PA] /12232

LEGISLATORS TO VISIT CUBA--At the invitation of Cuban President of the Councils of State and Ministers Commander in Chief Fidel Castro, Ecuadorian National Congress Chairman (Aberroes Buearan Sacia) will visit our country next Thursday. A group of legislators will accompany the head of the Ecuadoran Parliament. Among them will be Leonardo Escobar, chairman of the Special Commission on International Affairs. [Text] [Havana Radio Reloj Network in Spanish 2135 GMT 7 Jan 86 FL] /12232

CSO: 3348/335

GUYANA

GOVERNMENT STUDYING UN PROPOSALS ON ESSEQUIBO ISSUE

FL211755 Bridgetown CANA in English 1747 GMT 21 Dec 85

[Text] Georgetown, Dec 21--The Guyana Government is studying a number of proposals from United Nations Secretary-General Javier Perez de Cuellar for resolving the country's longstanding border dispute with neighbouring Venezuela, Foreign Minister Rashleigh Jackson said today.

Jackson gave no details but said Guyana intended maintaining contact with the secretary-general on the matter. The UN chief was asked in 1983 to intervene in the dispute, dating back to 1899, after the two countries failed to resolve the issue.

Venezuela is claiming the mineral-rich Essequibo region, almost two thirds of Guyanese territory.

Under a 1966 agreement signed in Geneva, the UN secretary-general was charged with choosing a suitable means of settlement.

On de Cuellar's behalf, Under Secretary-General Diego Cordovez visited Georgetown and Caracas twice, in August 1983 and in March this year, for talks with officials of the two governments.

/7358  
CSO: 3298/249

GUYANA

GOVERNMENT ACTIONS TOWARD CHURCH LEADERS SPARK ROW

Catholic Church's Charges

FL201607 Kingston Domestic Service in English 1100 GMT 20 Dec 85

[Text] The Guyana Roman Catholic Church claims that the government has launched an unprecedented persecution campaign against the country's major denominations, the Anglicans and Catholics in particular. This, it is reported, in the wake of church criticism of last week's controversial general elections.

A Jesuit superior father, Mathew (De Sousa), who sent a telex message to the Barbados-based Caribbean Council of Churches, said Catholic, Anglican, Presbyterian, and Moravian leaders are being subjected to harassment by the security forces and abuse, mainly in the state-owned media.

Guyana's left-wing government has ordered the expulsion of British-born Jesuit priest Patrick Connors. Connors' work permit has been withdrawn and is to leave the country by tomorrow.

Kirton Comments

FL302230 Bridgetown CANA in English 2309 GMT 29 Dec 85

[Text] Bridgetown, Dec 29--The general secretary of the Caribbean Conference of Churches (CCC), Rev Allan Kirton, says Guyana's recent deportation of a Roman Catholic bishop was a serious matter.

The Guyana Government's behaviour is one that would be expected from a loser, which causes me to wonder if they really won the elections, he said.

What we are witnessing is a serious development in Guyana which leads us to conclude that the regime has lost control of the situation, he said.

Barbados-based Roman Catholic Bishop Anthony Dickson was deported from Guyana yesterday after arriving for discussions with Guyana clergymen on worsening relations between the Guyana church and government.

Kirton said the silent hypocrisy of Caribbean political leaders on events in Guyana should be deplored. St Vincent and the Grenadines Prime Minister

James Mitchell had been the only regional head of government to speak out on developments in Guyana, he said.

Church and government relations dipped after the December 9 general elections which saw more established denominations supporting opposition allegations of election fraud.

The homes of three Guyanese clergymen were recently searched and a British-born Jesuit priest resident in Guyana for 21 years has been ordered out of the country for activities inimical to the state.

#### Archbishop's Expulsion

FL302022 Bonaire Trans World Radio in English 1130 GMT 30 Dec 85

[Text] Roman Catholic Archbishop Anthony Dickson has returned to Barbados after being expelled from Guyana. Archbishop Dickson was one of several Caribbean Catholic leaders who went to Guyana to lend their solidarity to Guyanese archbishop Benedict Singh whose home was searched following an expulsion order issued against the Reverend Patrick Connors, a British-born Jesuit priest.

The Guyanese Government ordered Reverend Connors to leave Guyana by December 31st because of his alleged activities against the government.

The homes of Bishop Singh and several other religious leaders in Guyana were searched last week following a protest issued by the Guyana Council of Churches, which condemned the expulsion of the reverend.

The archbishops of Trinidad, Jamaica, and Barbados traveled to Guyana last Friday to lend their support but Archbishop Dickson was denied entry into the country. He has been an outspoken critic of Guyanese President Desmond Hoyte.

/7358  
CSO: 3298/249

JAMAICA

OPPOSITION PNP CONSULTING ON DEVELOPMENT OF MEDIA POLICY

Kingston THE DAILY GLEANER in English 4 Dec 85 p 11

[Text]

Consultations with several sectoral groupings about a media policy are being conducted by the People's National Party, said the party Chairman Mr. P.J. Patterson, last Wednesday.

Addressing the Veterans' Luncheon of the Press Association of Jamaica, Mr. Patterson said that while the party's media policy aimed to reflect its intention to build a participatory democracy, it had embarked on consultation with a number of sectoral groupings.

So far, it had received two reactions: one which was in respect of the JBC suggested that the original purpose of that station still remained valid. What was needed, he said, was to "remove political control, so that the station's credibility could be restored." A formula had been suggested along the lines of the Electoral Advisory Committee, in which both government and Opposition were involved with representatives from the related sector, in this instance, the PAJ and other national organisations.

The second suggestion was that consideration should be given to increasing the commercial radio network on a regional basis.

Mr. Patterson said that these and other proposals would receive "mature consideration." He said the PNP "would wish to invite the PAJ and all groups, organisations or any individuals with suggestions that promote an effective media policy to send them forward."

Observing that the economics and technology of modern communication had so changed that traditional structures and relationships would need to be examined, he said it seemed "the avoidance of press monopoly and the need to disseminate a variety of opinions are not necessarily secured by rigid compartmentalization between printed media and electronic media. Perhaps, we should focus instead on the spread of the ownership base and establish a system with accountable democratic controls."

The luncheon, which was hosted by J. Wray and Nephew, was held in its Hospitality Suite. Chairman of the occasion was Mr. Terry Smith of RJR.

/7358  
CSO: 3298/250

JAMAICA

SEAGA BACKS DOWN ON GOVERNMENT OWNERSHIP IN BROADCASTING

Port-of-Spain TRINIDAD GUARDIAN in English 19 Dec 85 p 5

[Text]

KINGSTON, Wed., (Cana)  
JAMAICA government has dropped its proposal to retain a 25 per cent shareholding in those segments of the State-owned JBC radio and TV system it plans to lease, Prime Minister Edward Seaga announced last night.

However, Mr Seaga maintained that Government would not divest Jamaica Broadcasting Corporation (JBC) to existing media organisations here, or provide new radio or television licences to any such groups.

When he announced his media policy in August, the Prime Minister

said the morning segment of JRC television would be leased, as would be JBC AM radio and two small regional stations.

Government had intended to retain a 25 per cent share in these systems and initially maintain control of evening and night time television as well as JBC-FM.

However, Mr Seaga told Parliament that because of contention by a certain vested interest party, that its 25 per cent share in the divested segment would maintain Government control. The Government would not retain any.

/7358

CSO: 3298/250

## GOVERNMENT INTRODUCES BILL TO INSURE BROADCASTING IMPARTIALITY

Kingston THE DAILY GLEANER in English 4 Dec 85 pp 1,3

[Text]

A Bill amending the Broadcasting and Radio Re-Diffusion Act for the setting up of an independent Broadcasting Commission to ensure political impartiality of the electronic media, was tabled in the House of Representatives yesterday by Prime Minister Edward Seaga.

In a brief statement following the tabling of the Bill, Mr. Seaga said the central feature of the amendment was the

provision for a right of reply in cases of misuse for party political purposes of time allocated to a Government, or in the case of any inaccuracies broadcast over the electronic media.

The debate on the Bill will open on December 17, and the Prime Minister promised to deal more extensively with the provisions and with related matters of media policy. The debate will break for the

Christmas recess and resume when the House meets again in January.

Mr. Seaga told the House: "In introducing today into this Honourable House the Broadcasting and Radio Re-Diffusion (Amendment) Act, 1985, I propose that this piece of legislation should have the fullest opportunity for debate. Accordingly, I will be opening the parliamentary debate on this Bill on Tuesday,

17th December, and this debate will be resumed after the Christmas break.

"The purpose of this Bill is to amend the Broadcasting and Radio Re-Diffusion Act to provide for an independent Broadcasting Commission in order to ensure political impartiality of the electronic media. The functions of the existing Broadcasting Authority will be incorporated into those of the Broadcasting

Commission, and the Commission will also be empowered to monitor and control the operations of the licensees under the Broadcasting and Re-Diffusion Act.

"The Central feature of the Bill is the provision for a right to reply in cases of misuse for party political purposes of time allocated to a Government, or in the case of any inaccuracies broadcast over the electronic media.

"The determination as to whether broadcast time has been misused by Government, or whether a licensee under the Act has permitted inaccurate information to be broadcast will be made by the Broadcasting Commission, the members of which will have been appointed by the Governor-General on the same impartial basis employed for the

appointment of the members of the Electoral Committee.

"It is my intention in opening the debate of this Bill on Tuesday, 17th December to deal more extensively with its provisions and with related matters of policy."

Section 21 of the Bill which deals with the matter of impartiality in political broadcasts and which is a new development in terms legislation regarding the operations of the broadcasting media, states:

"(1) Where, under any broadcasting licence issued under this Act, time is allocated to Government for broadcasts for reasons of emergency or in the national interest, such time shall not be used for broadcasting any matter which is likely, or intended —

(a) to solicit support for any political party or to promote the election of any individual or of any political party to any public or municipal office or to the House of Representatives; or

(b) to attack the policies, plans or

programmes of any political party or parties.

"(2) Where on any broadcasting station time is allocated to the Government or any political party for a broadcast which is used as mentioned in subsection(1)(a) or (1)(b), on terms whereby the time so allocated is free of charge or at any rate which is less than the normal commercial rate, equal time shall be allocated on that broadcasting station, on similar terms to any political party which the Commission is satisfied is likely to be prejudicially affected by that broadcast.

"(3) For purposes of ensuring compliance with subsection(1) or subsection(2), the Commission shall investigate any allegation of non-compliance made not later than 21 days after the date of the relevant broadcast and, if satisfied of the truth of the allegation, shall —

(a) if the allegation relates to subsection(1), direct —

(i) that equal time be afforded to such other political party or parties as

may be approved by the Commission to reply to matters arising out of such broadcast; and

(ii) that any such reply is broadcast at such time, on such terms with regard to payment or otherwise and in such circumstances as are in the opinion of the Commission necessary to ensure that the reply is given to the broadcast which was the subject of the allegation;

(b) if the allegations relate to subsection(2), give such directions as it thinks appropriate to ensure compliance with that subsection.

(4) Where it is alleged that any broadcast contains information which is inaccurate, the Commission shall, upon being required to do so by any person not later than 21 days after the broadcast, investigate the allegation and, if satisfied as to the truth of the allegation —

(a) direct the licensee to broadcast an apology in such form as the Commission may determine; and

(b) subject to subsection(5), direct the licensee to afford to any person

prejudiced by the broadcast the opportunity of broadcasting a reply for the purpose of rebutting any information alleged to be inaccurate.

(5) A direction pursuant to subsection(4) shall be on such terms as the Commission may determine, so, however, that, without prejudice to the generality of the foregoing —

(a) if, in the opinion of the Commission, the licensee did not exercise due care in ensuring the accuracy of the information where it was possible to do so, the broadcast in rebuttal shall be free of charge; and

(b) in any other case, the broadcast in rebuttal shall be on such terms as to payment to the licensee as the Commission may determine.

(6) For the purposes of this section "political party" means a political party which, at the time when the matter arises has five or more members in the House of Representatives or which had, immediately prior to the then last preceding dissolution of that House, five or more such members."

/7358

CSO: 3298/250

JAMAICA

WORLD BANK LOAN, RESCHEDULING OF DEBTS SECURED

Loan for Power Company

FL112354 Bridgetown CANA in English 2111 GMT 11 Nov 85

[Text] Kingston, Nov 11--Jamaica is negotiating a U.S.\$21 million dollar World Bank loan for a three-year development programme for the island's state-owned light and power company, Public Utilities Minister Pernell Charles announced.

The loan will be used to upgrade and expand electricity transmission facilities and for training, Charles told viewers of an exhibition here focusing on public utilities. The programme is expected to begin mid-1986, he said.

The minister said that the overall aim of government was to expand its use and efficiently deliver electricity and ultimately reduce its cost to consumers.

The consumer price for electricity, said to be much higher than U.S. systems of comparable size, was of a real concern, Charles said. He noted a 0.4 per cent fall in electricity usage last year, attributed largely to discontinuation of use by people who could no longer afford the service.

Electricity rates went up by over 100 per cent during 1984 under the government's austerity programmes dictated by the World Bank and the International Monetary Fund (IMF).

Charles said too that Jamaica was aiming to provide 4,000 new telephones a year and would seek World Bank funding for this project. He did not say how much was being sought, but noted that an investment of U.S.\$300 million dollars over eight years would be required for the telephone company to clear its backlog and meet real incremental demand, which was for 6,000 phones a year. The telephone company, Charles pointed out, had a waiting list longer than that for its current customers; 58,000 against 54,000.

Jamaica presently has 68,000 telephone lines and around 140,000 telephones, Charles said.

Agreement With Japan

FL161816 Bridgetown CANA in English 1638 GMT 16 Dec 85

[Text] Kingston, Dec 16--Japan has formally agreed to reschedule repayment of two loans to Jamaica for U.S. 12 million dollars after recommendation by the island's Paris Club of major Western creditors in July.

The agreement for the rescheduling was signed Friday by Jamaica's Prime Minister and Minister of Finance Edward Seaga and Japanese Ambassador Takeon Iguchi.

Seaga went to the Paris Club in July and was granted refinancing or rescheduling for U.S. 70.4 million dollars falling due in 1985/86. The arrangement covers 100 percent of maturities and 50 percent of interest.

Jamaica's foreign debt is U.S. 3.2 billion dollars.

The agreement with Japan is for a 1981 U.S. 10.4 million dollar loan from the Overseas Economy Cooperation Fund (OECF), and U.S. 1.6 million dollars from the Japanese Export/Import Bank in 1979.

The arrangement for the U.S. 10.4 million dollar loan is for 50 percent of the interest to be paid on the due date and the other half in 12 semi-annual installments beginning in March 1990. The interest rate is 4.7 percent beginning at the original due date.

For the EXIM Bank loan, repayment on the principle of U.S. 1.2 million dollars will similarly be paid in 12 semi-annual installments starting March 1990. The rescheduled 50 percent of interest will be similarly paid from 1990. The interest rate is at 8.3 percent on the rescheduled payment beginning from the original due date.

These were the first bilateral agreements announced by the government since the arrangement was reached with the Paris Club.

Seaga in July also reached agreement with commercial banks for the rescheduling of 100 percent of principal of U.S. 190 million dollars falling due during 1985/86 and 1986/87. Repayment will be over 100 years with a three year grace period.

Another U.S. 197 million dollar falling due between April 1987 and March 1990 is to be rolled over in a single loan repayable in 10 equal installments with interest rates to be determined.

Over 10 percent of Jamaica's 1985/86 budget is earmarked for debt servicing.

FL262235 Bridgetown CANA in English 1517 GMT 30 Dec 85

[Text] Kingston, Dec 30--The Jamaica Government has signed loan rescheduling agreements with Britain and the local subsidiary of the Bank of Nova Scotia in a continuation of the process of reorganising the country's debts.

A new loan agreement for 2.5 million pounds sterling was also signed with Britain Friday, the government announced.

The rescheduling agreement with London, initialled by Prime Minister and Minister of Finance Edward Seaga and British High Commissioner Martin Reid, cover 3,029 million pounds sterling due between last April and next March. It is on similar terms to the agreement Jamaica reached with the Paris Club in July.

The full principal of 1.92 million pounds sterling and 50 percent of the interest is being rescheduled and there is a total repayment period of nine years, including four-and-a-half years grace.

Jamaica went to the Paris club in respect to U.S. 70.4 million dollars falling due in 1985/86 and is now in the process of signing agreements with individual countries. Earlier this month an agreement covering U.S.12 million dollars was signed with Japan.

The country's total foreign debt is U.S.3.3 billion dollars.

Under the arrangement with Scotia Bank Jamaica Ltd, J270 billion dollars in debts owed by various statutory organisations and public corporations and guaranteed by the government is being consolidated.

The terms include a 10½ year repayment period with a 4½ year grace. The interest will be one percent above the bank's base lending rate. Financial sources here have termed the agreement generous.

Seaga has said that he intends to conclude similar agreements with other commercial banks.

Friday's documents were signed by the prime minister and Scotia Bank's deputy general manager Orville Walker.

Jamaica has a gross domestic debt of J6.8 million dollars.

Seaga said that the local rescheduling would put the public corporations, some of which have been divested, on a better financial footing and improve their ability to plan and develop.

The new loan from Britain is to purchase machinery and equipment from the U.K. and is interest free. Repayment will begin in 1992 and will run for 17 years.

/7358  
CSO: 3298/251

JAMAICA

## POSSIBLE U.S. PROTECTION OF ETHANOL COULD AFFECT EXPORTS

Kingston THE DAILY GLEANER in English 30 Nov 85 p 1

[Text]

Protectionism still remains a threat to Jamaica's J\$50 million yearly ethanol exports to the United States, despite a United States customs ruling that the product qualifies for duty-free status under the Caribbean Basin Initiative.

According to the General Manager of Tropicana International (Jamaica) Limited, Mr. William Maloney, a report appearing in the *Gleaner* on Tuesday gave the impression that the firm was not exporting ethanol to the U.S. before September 19 when the U.S. Customs upheld its ruling that the product qualified for duty-free treatment.

Mr. Maloney said that his company, the largest distributor of ethanol and the first outlet of its kind in the Caribbean, had exported some US\$10 million ethanol to the United States to date while it made an expenditure of US\$9 million in its over one year of operation here.

He feared, however, that in a year's time Tropicana would run out of imported alcohol which was got from Spain.

Mr. Maloney told reporters here that the battle to get ethanol eliminated from duty-free treatment was being waged in the U.S. Congress and Senate through a Bill sponsored by two prominent Republicans backed by corn farmers.

The fact that the U.S. Customs has upheld the duty-free status of the product was not a guarantee for ethanol exports in the face of the Republican-sponsored Bill.

Jamaica and Barbados had taken a position that the Bill should not be passed, he said, adding that President Reagan who was still supportive of the CBI might veto the Bill. However, the U.S. corn farmers represented a strong lobby group.

Tropicana has plans to continue

operating in Jamaica through the "backward linkage" concept of production if the Bill proved successful.

Mr. Maloney said that a US\$10 million proposal was before the Government aimed at producing fuel alcohol in Jamaica, a venture which would see the use of a substantial portion of Jamaica's three million gallon excess capacity to produce alcohol.

Negotiations had been taking place between the Government and Tropicana for a long time and it was up to the country to decide as the company had done a lot to get a distillery set up in Jamaica.

"I can't talk about it too much here because it's in the formulation stage," he said about the proposal.

Mr. Maloney said he would be willing to buy Jamaica's sugarcane at a higher price than that which was now being offered — in fact, in excess of J\$74 per ton.

/7358  
CSO: 3298/252

JAMAICA

BAUXITE PRODUCTION, EXPORTS SHOWING DECLINE

Drop in Output

FL131712 Bridgetown CANA in English 1705 GMT 13 Dec 85

[By Paget de Freitas]

[Text] Kingston, Dec 13--Jamaica's bauxite production for the first nine months of this year fell 33.4 percent, underlining the continued weakness of the world aluminum market and dislocation in the local industry, analysts here said.

According to the Jamaica Bauxite Institute (JBI), the government agency that monitors the industry, up to September bauxite disposed of (shipped as raw ore or refined into alumina) stood at 4,715,645 tonnes, compared with the 7,085,000 tonnes for the same period last year.

Total production in 1984 was 8,734,870 tonnes, and officials are expecting this year to be just over 6 million tonnes.

The earlier projections are just about holding good, one source said.

For the nine-month period, alumina shipments eased 3.4 percent at 1,230,900 tonnes, but bauxite crashed 55 percent at 1,780,209 million tonnes, when compared to the January to September period in 1984.

The dramatic decline in bauxite shipments was partly because of the end of Jamaica's stockpile sales to the United States and Reynolds' decision last year to close operations here, a spokesman said.

The Jamaica Government has been playing an important role, finding markets for 30.7 percent of total bauxite production during the first three quarters.

Third quarter statistics told generally the same story of decline in output, though there was some positive signs in terms of shipment of alumina.

According to JIB figures, total bauxite disposed of during the July-September period was 1,610,232, which was 9.1 percent below last year's third quarter figure and 3.2 percent down on the previous quarter.

Bauxite shipped during the quarter was 648,261, nearly 35 percent below the 1984 third quarter, and 3.7 percent less than this year's second quarter.

However, at 415,077 tonnes was 28 percent over the corresponding period in 1984, but 3.7 percent the second quarter figure [as received].

It seems that bauxite shipments were affected by the August shut down of the 1.1 million tonne capacity alumina partners (Alpart) refinery, which is owned by Kaiser and Reynolds.

It seems though that the Alcoa refinery here, now controlled by the Jamaica Government, helped provide a cushion.

Alcoa earlier this year decided to shut down the 800,000 tonne facility but the government stepped in to operate it. Alcoa still owns the plant but is paid a fee to manage it while all other matters, including the finding of markets, is left to a government company, Clarendon Alumina Productions (CAP).

Mining and Energy Minister Hugh Hart recently announced that he had ordered the plant run at near capacity for 1986, but has declined to reveal buyers.

CAP's general-manager Bobby Stephens told the GLEANER newspaper today of Third World customers to which CAP expects to sell most of 650,000 tonnes it expects to produce in 1986. Earnings are projected at U.S. 20 million dollars.

Alcoa officials rate the plant here among the 10 most efficient in the world, and Stephens told the GLEANER that CAP had reduced production costs between 25 and 30 percent since August.

We're making significant foreign exchange surplus and this makes us a net earner of significant proportions of foreign exchange, he said.

Stephens said that since August CAP had sold about 104,000 tonnes of alumina to Third World and East bloc countries, and that another shipment of 150,000 tonnes is soon to be made. Most contracts for 1986 were being finalized and prices negotiated.

Mining Minister Hart left here yesterday for talks in Miami on contracts, but as with other deals, the companies involved have not been released.

#### 1985 Exports

FL172312 Kingston Domestic Service in English 2230 GMT 17 Dec 85

[Text] The Jamaica Bauxite Institute says preliminary data indicate that bauxite exports this year are half of last years. Last year 4.56 million tons of crude bauxite was exported and the projections for this year show 2.28 million tons. The institute says the sharp decline is now due to primarily three factors. These are identified as termination of bauxite shipments by Reynolds,

as high as 19 percent in shipments by Kaiser Jamaica Bauxite Company, and the completion of the contract between the Jamaican and American governments for the supply of 3.6 million tons of Jamaican bauxite.

Alumina exports this year are projected at 1.51 million tons, 7 percent below the 1.7 million tons recorded last year, with the principal factor being Alcoa's decision to extend the [word indistinct] operation.

Total bauxite exported this year is not expected to reflect the 30 percent decline [as heard].

/7358

CSO: 3298/251

JAMAICA

#### FOURTH GOVERNMENT PAYMENT TO SUGAR PRODUCERS SLATED

Kingston THE DAILY GLEANER in English 30 Nov 85 pp 1,3

[Text] A fourth payment of \$130 per ton sugar is to be paid to cane farmers and sugar manufacturers on the 1984/85 crop, to bring the total payment to the industry to \$1,530 per ton sugar.

Making this announcement yesterday, the Minister of Agriculture,

the Hon. Dr. Percival Broderick, said that the payment was possible "based on revenue inflows into the Sugar Industry Authority up to the present time." The previous price for the crop was \$1,400 with cane farmers receiving (approximately) \$860 per ton sugar and sugar manufacturers

\$540 per ton sugar produced.

The Minister expressed the hope that the additional payment will assist in improving efficiency in the industry and the quality of cane delivered to factories during the

coming crop.

The following is a part of the Minister's statement:

Cane farmers and sugar manufacturers are aware that a total price of \$1,400 per ton sugar has so far been announced in respect of the 1984/85 sugar crop. This price is shared between cane farmers and sugar manufacturers as follows —

Cane farmers — (approximately) \$860 per ton sugar;

Sugar manufacturers — (approximately) \$540 per ton sugar.

Based on revenue inflows into the Sugar Industry Authority up to the present time it is now possible to make a fourth payment of one hundred and thirty dollars (\$130) per ton sugar to the industry, thus bringing the total payment to the industry for the 1984/85 crop to \$1,530 per ton sugar. The total price of \$1,530 per ton sugar for the 1984/85 sugar crop compares favourably with the payment of \$1,258 per ton sugar made to the industry for the 1983/84 crop.

Total sugar production of 206,775 tons for the 1984/85 crop was also the best performance by the industry in the last five years. It is significant also to note that the tons cane per ton sugar ratio of 10.8 achieved for the 1984/85 crop was the best performance by the industry since 1976.

/7358

CSO: 3298/252

JAMAICA

BRIEFS

TRADE DEFICIT--Kingston, Dec 30--Jamaica's trade deficit widened by almost 48 percent to reach 436.5 million dollars (U.S.) during the first nine months of this year compared with the same period in 1984, Central Bank figures show. The worsening trade balance was caused by a 20 percent decline in the value of exports during the review period to 456 million dollars (U.S.). The trade deficit was 295 million dollars for January-September 1984. The fall in exports negated a 0.9 percent or 7.7 million dollar reduction in imports, which between January and September amounted to 892.5 million dollars. But despite the deterioration in the balance of trade that helped to widen the current account deficit by 100 million dollars to 308.8 million dollars at the end of September, the accounts were showing an overall balance of payments surplus of 107.2 million dollars. This improvement in reserves was achieved mainly by a reduction in the arrears of the Bank of Jamaica, the bank's overview of the Jamaican economy said. [Excerpt] [Bridgetown CANA in English 1929 GMT 30 Dec 85 FL] /7358

CANADIAN FERTILIZER--Canadian High Commissioner Robert G. Woolham and Prime Minister Edward Seaga have signed an agreement that will provide Jamaica with \$10.9 million worth of fertilizer, Canada's International Development Agency will provide a grant to finance the purchase of the Canadian fertilizer. [Text] [Bonaire Trans World Radio in English 1130 GMT 16 Dec 85 FL] /7358

CSO: 3298/252

MEXICO

BRIEFS

ARID LANDS AGREEMENT WITH ARGENTINA--Mexico and Argentina signed a technical and scientific agreement yesterday for the development of joint programs to develop agriculture in arid lands. The agreement was signed by Eduardo Pesqueira Olea, Mexico's agriculture and water resources secretary, and Lucio G. Reca, his South American counterpart. Pesqueira Olea reported that the agreement involves the use of water resources, forestry, the production and processing of cattle products, as well as a technical and scientific exchange in the areas of fruit growing, forage, germ plasm, agrotechnology, biotechnology, and improved seeds. [Excerpt] [Mexico City EL NACIONAL in Spanish 10 Dec 85 p 4 PA] /6091

CSO: 3248/140

JPRS-LAM-86-011  
27 January 1986

NETHERLANDS ANTILLES

NEW LAW LIMITS GOVERNMENT BORROWING FROM CENTRAL BANK

FL030044 Bridgetown CANA in English 2355 GMT 2 Jan 86

[Text] Willemstad, Curacao, Jan 2 (CANA)--The parliament of the Netherlands Antilles has unanimously approved a law giving greater autonomy to the Central Bank and limiting government borrowing from it.

The new law aims at bolstering confidence in the monetary policies of this self-governing federation of Dutch Caribbean islands in view of its severe economic crisis.

The law, approved on December 31, gives the Central Bank complete autonomy from the government in hiring and firing staff.

The new legislation also gives the Central Bank complete freedom to conduct monetary policy, subject only to a veto by parliament.

Finally, it limits government borrowing from the Central Bank in any one year to 10 percent of its revenues in the previous year.

Central government revenue was 342.5 million Antillean guilders (192 million U.S. dollars) last year, meaning that the government will only be able to borrow 34.25 million (19.2 million dollars) from the Central Bank in 1986. Its outstanding debt to the institution currently stands at 180 million guilders (100 million dollars).

The Antillean guilder is pegged at a fixed rate of 1.78 per year following the closure of Aruba's oil refinery, the near closure of Curacao's, and a reform in U.S. tax law which ended the sale of U.S. bonds to overseas investors through a tax loophole in the Netherlands Antilles.

Aruba's decision to establish its own currency after pulling out of the Netherlands Antilles on January 1 also created fears that an Aruban devaluation would lead the five islands remaining in the federation to follow suit.

The Aruban guilder, which began circulating today, is fixed on a par with its Antillean counterpart.

/8309  
CSO: 3200/9

NICARAGUA

PPSC LEADER ON NATIONAL ASSEMBLY, CHURCH-STATE RELATIONS

Managua BARRICADA INTERNACIONAL in English 12 Dec 85 p 6

[Text]

Luis Humberto Guzmán, 31, is the head of the Popular Social Christian Party (PPSC) delegation in the National Assembly and one of the two PPSC representatives on the special commission charged with drafting the nation's Political Constitution. "The National Assembly's first term has been something of a disappointment; we didn't pass a single important law," he told Barricada Internacional in a recent interview. He also addressed his party's platform, and expressed his opinion concerning church-state relations and the government's foreign policy.

The following are excerpts from that interview:

An ideological redefinition is currently being debated within your party. Does this mean a change in the party platform since the elections?

Yes, we intend to make substantial reforms in our ideological position and to revive traditional Christian Democratic principles. We used to say, for example, that the state should be a neutral apparatus that doesn't use force or promote the particular interests of any class or sector of society. This is no longer true. The state must guarantee, at least, the well-being of the most popular sectors: the working people. In this sense, we are adopting socialist demands concerning the people's standard of living. But, we want to see a prototype of democratic socialism, purged of Leninism, or so-called "democratic centralism," which we consider nothing more than a euphemism for what are actually totalitarian states.

In general, we aim to construct a broad political theoretical scaffolding with precise definitions concerning the state, the party, the economy, foreign affairs, etc. But we are only at a preliminary stage in this internal debate.

Your conception of a state which favors the working class is not very different from the FSLN's position. Do you think that party leans more toward a model of "democratic centralism?"

The Sandinista government is not totalitarian, if that's what you're asking. No one can say that Nicaragua is like an Eastern European country. In Moscow or Belgrade, Cardinal Miguel Obando y Bravo would never be allowed to make the kinds of criticisms he makes here. There is a trend toward limiting democratic space, for whatever reasons, and the expansion of the state of emergency is a worrisome symptom.

Your party opposed the National Assembly's ratification of the state of emergency decree, arguing that it was unjustified. In your opinion, what conditions would justify a national state of emergency?

Above all, I recognize a sovereign government's right and obligation to defend itself and to take measures that will enable it to effectively act to overcome serious problems.

But the situation would have to be very exceptional: natural disasters,

an imminent invasion by foreign forces, for example. Or in our case, if the contras actually occupied a city.

Less than two weeks after the Nicaraguan government decreed the emergency measures, Raul Alfonsín decreed a state of siege due to the escalation of terrorist actions in Argentina. Alfonsín's measures restricted, among other constitutional rights, freedom of assembly and expression. Under these conditions parliamentary elections were held in Argentina at the beginning of November. What is your opinion on this?

Alfonsín must have had good reasons for declaring the state of siege. I do not venture to speculate about the internal affairs of another country.

How would you evaluate the National Assembly's first legislative period?

There is an institutional crisis in this country which is reflected in the scant powers given to the National Assembly. But it's also true that presidential regimes have always been the norm in Nicaragua; we have never had a strong parliament. Nevertheless, as legislators, we

ourselves, have restricted our capacity to influence the definition of government measures and policies. The commission for domestic defense and security, for example, did not even meet once during this legislative period. This is paradoxical considering that our country is at war. We will need to be more active in the coming year.

In general, what influence do the political parties have in governing the nation?

We actually have very little influence through institutional channels, that is, the parliament. But we accomplish some things through our grassroots activities, as well as our public statements within the country and abroad, which generate opinion trends that the ruling party cannot easily ignore. There are also other forms of pressure.

Such as?

Well, for example, the left-wing parties mobilized their trade unionists to demonstrate in front of the National Assembly while we were discussing the "thirteenth month's" salary, or Christmas bonus. As a result, the Sandinistas upped their original proposal a little.

The PPSC finished fourth in the past elections. What plans do you have to expand your base of support?

Looking toward the 1987 municipal elections, we have gradually been increasing our activities - limited mainly due to lack of financial resources - in the departments and rural areas. We want to expand our base among working people. To this end, we are finishing the draft of a new labor code, which we will submit for consideration to the independent labor unions in order to generate a full debate on the subject.

The labor code now in effect dates back to 1945, and has been only slightly revised in the past five years. Among the most novel ideas our

proposal includes are: to guarantee the employee one month's advance notice for every year worked in the company or business in the case of dismissal (at present the code stipulates one month's advance notice regardless of the time worked); to institute a type of patent for innovators (those workers who adapt or manufacture new mechanical parts or make other valuable innovations); and a specialized legal code for settling labor disputes which must currently be resolved in a long, trying procedure under the ordinary civil code.

Regarding your previous reference to Cardinal Obando's criticisms of the government, what do you think about the disagreements between the Catholic hierarchy and the state?

It's an extension of a political struggle, which undoubtedly originated in the Sandinistas' eagerness to create a "church in its pocket" which would give them unconditional support. They naturally ran up against the institution's rejection; the church was not inclined to give up any of its power or independence. This resulted in a rift, which some priests with very clear political positions were careful to maintain.

The government exacerbated this separation by trying to create religious leaders who could offer an alternative to the Catholic hierarchy. The situation worsened because the government insisted on a policy of force, as evidenced by the deportation of 10 foreign priests last year.

It was proven however that they were guilty of crimes against order and public security. The government maintains that it responded to concrete political actions which had nothing to do with their religious station. What do you think, for example, about the fact that military service evaders take shelter in seminaries,

or that Obando held his first mass after being designated Cardinal in Miami for the counterrevolutionary community, or that the archbishop's office published political literature without legally registering it? Aren't these provocations?

The list of new "seminarians" from evangelical churches is much longer than that of the Catholic Church. I do think it is a serious mistake that the Catholic Church has never condemned the foreign aggression, but it is no sin that the Cardinal celebrated his first mass in Miami. There was nothing provocative in his speech; he only called for dialogue and reconciliation and I don't believe he made the plea in bad faith. Obando is a Salesian, and this order has always favored reconciliation.

Do you believe that the Catholic Church is persecuted here?

I don't want to make the hierarchy appear completely innocent, but the government cannot afford the luxury of falling into every trap. I have already said that this is a political confrontation which should be fought on political terms, not by force. The church is a formidable rival.

What does your party think about dialogue with the counterrevolution?

It would be useless. The FDN has no political line; it's simply a force motivated by the desire for revenge. We agree that the government should insist on dialogue with the Reagan administration, because the end of this war depends on the will of the U.S. government. This we understand. Thus, we categorically endorse the government's reservation in signing the Contadora Agreement, unless it also calls for a commitment on the part of the United States. We must prohibit the construction of foreign bases and military maneuvers in the region, or there will be no peace in Central America.

/13046  
CSO: 3200/11

NICARAGUA

ATLANTIC COAST AFRICAN PALM PRODUCTION DESCRIBED

Financial, Work Force Difficulties

Managua BARRICADA INTERNACIONAL in English 14 Nov 85 pp 6-7

[Text]

Reclaiming acre after acre of productive land from the jungle where, a few decades ago, the Blue Co. grew bananas, today one of the Revolution's most ambitious projects is underway: the cultivation of African palms for the production of cooking oil.

In 1983, work began in Kukra Hill, an area 300 km east of Managua in the southern Atlantic Coast region, clearing the land, building facilities and setting up the first nursery, with the goal of eventually sowing up to 8,600 acres with the oil-producing palm.

The project's main objective is to substitute imports with locally-produced oil. According to official estimates, next year, Managua's 3 million inhabitants will consume 32,000 metric tons of cooking oil. Of this total, 44 percent will come from cottonseed, a local product. The remainder is processed from imports: 17,000 tons of unrefined cooking oil, and 35,000 tons of soybeans. These imports will cost the country US\$27 million, equal to nearly 10 percent of the total annual exports.

Commercial production of the oil will begin in 1987, four years after the project's initiation. This is

determined by the palm's development cycle; although some of the first plants have already produced fruit this year, a plantation begins to be economically efficient after four years. Peak yields last for 25 years, then decline progressively.

Carved out of the lush, tropical vegetation, the hardest tasks of the project have been clearing and preparing, sowing and the upkeep of the 2,500 acres currently under cultivation.

The larger trees are cut down with a chain saw, while bushes and undergrowth are cleared with a machete. Usable wood goes for cooking fires in the camp's kitchen, the rest is burnt on the spot. Once the land is cleared, the palms are planted nine meters apart to allow optimal development.

The seedlings are brought from Costa Rica and Colombia and grown in the nursery for nine months until reaching a height of nearly two meters. The palms are then transplanted to the fields.

Once planted, the work involves protecting the palms from ants and other plagues, fertilizing at the beginning and end of the rainy

season, and weeding out the fast-growing undergrowth every 45 days.

Meanwhile, tasks in the nursery continue as does the clearing of the land and the sowing of new seedlings to achieve the goal of 8,600 acres under cultivation by 1989. Along with the 6,200 acres planted in El Castillo - in the southern department of Rio San Juan - 22,800 tons of cooking oil will be produced from African palm, equivalent to 70 percent of the current national demand. Considering the oil produced from cottonseed, Nicaragua will then have achieved self-sufficiency in this area.

DIFFICULTIES

The main problem workers confront is the geographic isolation. To get to Kukra Hill from Managua is a full day's journey: 250 km by road to the river port of Rama, and from there 50 km by boat on the Escondido River and its tributaries. Because there is no regular river transport between these two points, one must hire a boat, which raises the cost substantially for passengers and cargo. This also complicates the regular shipment of equipment, tools, construction materials and food.

The situation becomes more serious when one considers that the greater part of the project's personnel are from the Pacific zone - members of the Atlantic Coast's ethnic groups being unaccustomed to this type of salaried work. In addition, the bulk of the nation's productive and import activity is concentrated in the western region, and the access route to the project is continually vulnerable to counterrevolutionary attacks.

The lack of financial independence in this first stage of the project in which no income is earned through sales, causes other problems. A good part of the mechanical equipment stands idle due to a lack of spare parts; agrochemicals often don't arrive on time; food and medical supplies are limited, and payment for the workers often arrives late.

Feelings of futility and restlessness, often resulting in job resignation, affect the workers during this pre-productive stage of the project. The problem is especially acute during the sugar harvest when the neighboring sugar mill competes for the available manpower in the zone, offering double the wages earned at the palm plantation..

Thus, some plants have been lost and the survival of many more is threatened by weeds or ants. Some 200 workers are needed to adequately attend to the plantation's maintenance this year, but funds are lacking to offer the higher salaries to attract them.

Even with the inclusion of a salary bonus for the isolated location, and production incentives, the salaries do not compensate for the difficult living and working conditions in the

project. Any Managua refreshment vendor has a higher income, is self-employed and does not have to run the risk of snake bites or mercenary attacks.

The situation is quite different in the plantations operating since 1984 in which campesinos are organized in cooperatives (*see separate article*).

#### ADVANCES

The instability observed among field laborers does not occur among the technicians or administrators in charge of the project. The very difficulties they confront have created a sense of purpose among the team, which is strengthened by every hard-earned improvement in the material conditions and grows as the actual production of oil draws closer.

One of the more interesting initiatives of the group of agronomists has been the planting of a vine called kudzu on the plantation. This species hinders the growth of weeds, reduces the incidence of some pests and, as it is a legume, provides nitrogen enrichment to the soil. It is expected that this measure will reduce the manpower needed for the plantation's maintenance.

At the same time, the workers' social needs are being addressed. A dining room was built and the camp's kitchen facilities have been improved and expanded. The wood shingle and palm leaf roofs of the dormitories are being replaced with zinc and fibrocement sheets.

These large sheds, which previously were simply divided into men's and women's areas, now have individual or family rooms to allow more privacy.

#### Cooperative Project Successful

Managua BARRICADA INTERNACIONAL in English 14 Nov 85 p 7

#### [Text]

In a daring decision, not without its risks, the government-run African palm project was brought under the agrarian reform program early last year. The first 1,112 acres already sown were handed over to 75 campesino families as cooperatively-owned property.

Because the palm was a new crop in the country, the cooperatives would have to depend on centralized technical assistance for quite some time. Furthermore, it would be three years before the plantation became commercially productive and financially self-sufficient. Until

Recently, the project's commissary was inaugurated. It sells goods at wholesale prices to the workers, with the company assuming the transportation and administration costs. It will provide products generally unavailable in the area, such as powdered milk, toilet paper, toothpaste, deodorant, sanitary napkins, clothing and shoes for children and adults, dishes, batteries and soap. Soon it will also begin to sell beans, rice, corn, salt, oil and sugar.

The dam which is being built on a nearby stream will allow drinking water to be pumped to the camp, eliminating the need to haul it from half a kilometer away. The energy supply is provided by an electric generator which operates until ten at night.

Until this hour the families often sit in the dining hall which has been turned into a T.V. room to watch the programs broadcast from Costa Rica. Then, still starry-eyed from the colorful consumer fantasy world, the workers go to bed, awakening to their daily reality of machetes, sweat and the hard work that makes the Revolution.

However, what today means hard work and sacrifice, will be a flourishing, productive enterprise and an important milestone on Nicaragua's road to material self-sufficiency and economic independence.

then, a division of the Agricultural Development Ministry would be responsible for the economic management of the enterprise.

In the meantime, for the sake of technical training, land ownership, and the promise of better returns in the future, the campesino population agreed to become paid workers.

The decision also implied that these campesinos would undergo changes in their traditional work habits and routines of community living. Although they had been organized in cooperatives since 1982, these served only for the joint procurement of credit and seed. Each person independently rented a plot of land, sowed, harvested and marketed surplus production that exceeded family needs. Basic agricultural production had not varied for generations: beans, corn, and on a smaller scale, pork and poultry raising.

The resulting dispersion of cultivated areas in a zone already remote from population centers, reinforced the feelings of material, cultural and emotional self-sufficiency of each family unit. Sporadic cooperative meetings, and incidental trips to the nearest store or health post were essentially the only activities bringing people together.

The campesinos would have to greatly modify their former lifestyles to work on the cultivation of the oil-producing palms. Their large-scale production calls for team efforts, thus the property and work are organized collectively. In addition, it is technically and economically more feasible to offer essential social services to a concentrated group in a small area. Families thus live in a unified community, whose organization will also facilitate the creation of an effective system of military defense to prevent incursions by counterrevolutionary bands, against which isolated campesinos have no protection.

After weighing the pros and cons, 75 families accepted this challenge and, in June 1984, moved into a community neighboring the plantation. Organized in three cooperatives, they began cultivating African palm.

#### SUCCESS

Almost a year and a half after its initiation, the project has proved successful. The palms are flourishing and some have already begun to bear their first fruits which, although lacking commercial value, represent a triumph and a promise of the community's future production capacity.

The loss of plants due to diseases or mishandling has been minimal and is declining as the workers become familiar with the special cultivation needs.

Community life has ceased to be problematic, as it was in the early days; instead, it is characterized by an easy-going coexistence among neighbors. Community members depend on one another for production and defense, women have joined in the productive work and the children play and study together.

Each family lives in its own wooden house and improvements are being made little by little by adding partitions, fibrocement roofing sheets and latrines. The nearby stream serves as a source of drinking and washing water.

The family income consists of proportional cash salaries paid to each person who works on the plantation, and food supplies

allocated by the Social Welfare Ministry for the resettlement of displaced persons in the war zones.

Due to increasing needs and the unreliability of other supply channels, each cooperative has been given a 100-acre plot to sow basic grains and root crops for their own consumption.

The most serious limitations now facing the community are difficulties in acquiring spare parts for their sole tractor, the shortage of transport vehicles, and the lack of a health center.

Despite these disadvantages, the distribution of the land to the campesino cooperatives has achieved three advancements not observed in strictly salaried work: sustained and adequate crop maintenance, a stable workforce and the integration of the indigenous and Mestizo population of the zone into the oil production project.

According to Hipólito Guido Ybarra, president of one of the cooperatives, "the Revolution needs this (oil) production, and as poor campesinos, we would never have had the opportunity to participate in such a project in any other way. Both of these things motivate us to keep on working until the extraction of palm oil becomes a reality for our country and for our cooperatives."

/13046  
CSO: 3200/11

PANAMA

PRD LETTER TO PRESIDENT INCLUDES VIEWS ON FOREIGN DEBT

PA272232 Panama City CRITICA in Spanish 27 Dec 85 pp 30, 32

[Letter sent to President Eric Arturo Delvalle by the National Executive Committee of the Democratic Revolutionary Party--dated 26 December 1985]

[Text] Dear Mr President:

After broad discussions and a review of the feelings of its thousands of members, with all respect, the National Executive Committee [CEN] of the Democratic Revolutionary Party [PRD] wishes to express to the president of the republic our party's position concerning our country's political, economic, and social situation. In the same manner, and firmly determined to contribute to the solution of our homeland's main problems, we present specific proposals to confront them.

Our position is based on the PRD program and on the agreements reached by the Political Commission on 10 April, by the National Directorate on 3 May, on the communique expressing support for the national dialogue dated 15 July, on the central proposal to the country of 31 July, and the proposal made by the Political Commission on 4 September, all of which were issued this year.

Mr President, the following is the PRD's Torrijist line for this new phase and the tasks stemming from it:

Role of UNADE's [National Democratic Union]

1. The country is facing one of the most complex and delicate periods in its history. Therefore, it is the duty of the parties in our government's alliance to analyze with seriousness and maturity the overall situation in order to make broad, strong, and well-founded decisions, and to act with unity, firmness, and discipline in the right direction, according to the general interests of the Panamanian society at this stage.

Development and Democracy

2. Economic development and democracy are not two separate entities. A great process of thorough democratization is spreading in Latin America. This process is not limited to the realization of periodic and honest

elections to elect governments. In addition, it particularly entails a significant effort by the masses to democratize the economic, political, social, and cultural structures. This also means an important reaffirmation of each country's independence and national sovereignty, and of Latin American solidarity.

#### The Panamanian Revolution

3. The Panamanian revolutionary process, under the guidance of General Omar Torrijos Herrera, was precisely one of the first demonstrations of that patriotic and democratizing current. Hence, it was based on the consultation and participation of all the social and geographical sectors in the country, in order to mobilize them by consensus in a great national project. Thus, it became deeply rooted as a decolonizing, participative, reforming, and developing project that emerged from within the nation itself, without impositions or foreign tutelage. However, in all of Latin America, this democratizing transformation is gravely threatened by the current consequences of the international economic crisis. Its effects are the cause of growing social discontent and nonconformity, lead to instability and even political violence, and eventually tend to generalize situations of institutional chaos. In other words, Mr President, it is not possible to consolidate a democratic regime without making economic adjustments in favor of the great majorities in order to continue toward complete development.

The PRD is aware of this reality, and thus its program clearly outlines the kind of country we must develop.

#### The Economic Crisis

4. The economic crisis affecting Latin America and Panama, in particular, began a long time ago. It is the result of unjust conditions of economic exchange between the poor countries and the industrialized nations, imposed by the latter. As time goes by, we pay more for our imports, and we are paid less for what we export. And, as if this were not enough, our exports are frequently subject to protectionistic barriers, and at the same time we are asked to liberalize our economies by opening them to the international market, which is controlled by the industrialized countries. All of these factors have deprived our countries of resources which would augment their development.

#### Reasons for Indebtedness

5. This unequal exchange of prices caused our countries to fall into an exaggerated indebtedness with the wealthiest countries' financial system. Just as the other Latin American countries, Panama had to incur debts in order to finance its development. Nevertheless, like our sister nations, Panama acquired a large debt because a few years ago, those foreign banks urgently needed to find some place where they could place the large sums of money they had accumulated following the international oil crisis.

In order to solve their problem, they encouraged our indebtedness. Consequently, Mr President, the PRD feels that the responsibility should be equally shared by both the creditors and the debtors. Therefore, the costs should not only be paid by us; they should be shared, and since the rich nations have more resources than we have, they should pay the greater part.

#### Change of Policies or Chaos

6. The policy by which poor countries must subsidize the rich countries must end. If this policy continues, chaos is inevitable. Latin America is a net exporter of foreign exchange. Only in the past 3 years, it has paid approximately \$60 billion to the economies of the industrialized countries. The increase in actual interest rates and the subsequent overvaluation of the dollar make the situation in our countries even more difficult.

#### Economic Adjustments

7. But there is more, and this is of direct interest for our party's stance and, we are sure, for you as president of all Panamanians. This international financial system now demands from our countries specific conditions for additional financing with which our countries can service our previous debts with this system. These terms include the readjustment of our economies according to criteria and rules determined by this very same creditor. Such rules demand that we liberalize and remove the protections from our economies to benefit an unequal international competition without the corresponding measure of an opening of their markets to our exports at fair prices. The results of this policy in other countries have already been observed. Mr President, the serious thing about this is that, if we leave in foreign hands the power to determine Panamanian structures and policies, we will be relinquishing, not only a substantial part of our sovereignty, but even our existence as an independent republic. The PRD's stance regarding this situation has always been very clear: We will not permit such a thing "because we are not, nor shall we ever be, an associate state, colony, or protectorate; neither do we want to become another star in the flag of any nation but our own."

#### A Political Problem

8. Viewing the overall implications of the problem and the threatening economic, social, and political consequences it entails for the country, it becomes clear that this is not a matter restricted to technical or financial considerations that should be addressed only by a limited circle of specialists. It is a serious political problem that concerns all the people, all of the country's responsible sectors.

#### Toward a Panamanian Counterproposal

9. The PRD believes that the Panamanian people have already established their position with respect to this problem. Only the Panamanian people can decide their future, and it is up to the Panamanian people to set forth their own solution.

Therefore, our party, faithful interpreter of the national interests and aware of the responsibility it has as the government alliance's majority party, proposes and will strongly support the following actions:

#### National and Latin American Consensus

- A) The advancement and fulfillment of the national strategy contained in our party platform program, which clearly defines the economic policies that must be implemented at this time.
- B) The overall and long-term renegotiation of the date of maturity of the foreign debt in such a way that a popular and patriotic scheme of socio-economic development will benefit from it.
- C) The active participation of the Latin American countries in seeking a common solution to the foreign debt problem.

#### Protection of National Industry

- D) To protect and defend national industry by not supporting any measure that will harm it. The PRD will examine on an emergency basis the industry bill that the industrial sector has already analyzed in the understanding that said bill establishes adequate protection for the national industry.

#### Support for the Agricultural-Livestock Sector

- E) To protect and defend agricultural and livestock producers. Within several days we will send to this sector our bill for agricultural and livestock incentives outlining actions for the reactivation of this sector.

#### The PRD Does Not Support the Labor Code Reforms

- F) To protect and defend workers. The PRD will not promote reforms to the Labor Code because our analyses show that the real causes for economic stagnation are not related to this code, except those sections of the code that deal with the agriculture and livestock sectors and the small industries.

The PRD will endorse Labor Code reforms only if the workers believe the code should be reformed. Our party agrees with updating the working relations in the agriculture and livestock sectors.

#### The Role of the Canal

- G) To promote an integral approach in the utilization of the canal area lands and property returned to Panama and of the revenue received by and payments made to Panama as a result of the Torrijos-Carter treaties.
- H) To replace state borrowing by a more efficient use of state resources through concessions, mixed-capital enterprises, and an expanded role for the private sector.

I) To protect the nation's water resources, particularly the Panama Canal basin.

#### Other Measures

J) To keep up and improve the quality of basic services, health services, education, and housing.

K) To improve the efficiency of the government and the country as a whole and to seek ways to generate employment.

L) As per instructions issued to the party's teams of experts, to draft the law on standardization of salaries, the law on the sale of housing in reverted areas, and the law providing for the use of reverted areas to build housing of social interest. In this regard, the Economic Commission will make studies and recommend measures to improve the financial system and the securities market.

M) To improve all of the country's service activities (the Colon Free Zone, Port Center, tourism, and the financial center).

N) To implement programs to promote small enterprises and to seek mechanisms to help them export more.

#### Administrative Measures

O) Our party suggests that the executive branch take the following steps at an administrative level:

--To move on with the negotiations to include Panama in the Baker Plan under the conditions set forth herein.

--To negotiate the expansion of Culebra cut.

--To establish mixed-capital enterprises.

--To step up studies on the alternatives to modernize the Panama Canal.

--To improve the efficiency of the tax collection system and to make it more just.

--To draft a program for construction of government buildings financed by the private sector on the basis of 15-year rental contracts.

--To regulate the purchasing system of the Agricultural and Livestock Marketing Institute and its powers to operate as a direct importer.

--To review the problem of the Panama Refinery.

--To speed up the process of production of alcohol and alcohol derivatives in order to provide added support to the La Victoria Sugar Corporation.

- To determine the costs of the Integrated Health Service.
- To draw up a master plan for development of the agricultural settlements.
- To strengthen the policy of energy self-sufficiency.
- To promote the consumption of national products through campaigns to create awareness.

Finally, Mr President, our party has made these suggestions with the intention and determination to strengthen the country's democratic process, to support your government, and to mobilize our nation on the basis of clear and patriotic objectives.

/6091  
CSO: 3248/141

PARAGUAY

GOVERNMENT SEEKS OPENINGS OUTSIDE SOUTHERN CONE

PY022252 Madrid EFE in Spanish 0906 GMT 27 Dec 85

[By Francisco Figueroa]

[Text] Asuncion, 27, December (EFE)--The government of General Alfredo Stroessner wants to promote its foreign policy in Latin American countries outside the southern cone.

Paraguayan Foreign Minister Carlos Augusto Saldivar on 26 December reported that this project, which the Foreign Ministry launched late in 1985, will be developed over the next few years.

Traditionally oriented toward Brazil and Argentina, "the Paraguayan diplomacy will in the next few years direct its efforts at promoting relations with the northern countries of South America, with Mexico, and with Caribbean countries," the minister said.

Minister Saldivar's plan has been regarded as an initial attempt to change the "deteriorated international image" and the image of "isolation" that experts associate with Paraguay.

Asuncion has concentrated its diplomatic efforts on Argentina and Brazil. These two nations along with the United States have historically had a major influence on Paraguay.

During the last decade, relations with Brazil and Argentina have focused on the development of huge bilateral hydroelectric projects, especially after 1977, when the three governments signed an agreement settling their differences on the use of borderline rivers.

This tripartite agreement, which smoothed things over particularly between the Buenos Aires and Brasilia Foreign Ministries, made it possible for Paraguay to build--with Brazil--the world's largest hydroelectric power plant at Itaipu, and to begin building--with Argentina--the Yacyreta hydroelectric power plant.

Itaipu continues to be the main challenge for Paraguayan diplomacy, in the wake of the proposed renegotiations to increase the price of the portion of energy, 50 percent of the plant's output, that belongs to Paraguay, but that will be largely used by Brazil.

A decisive factor for the Paraguayan foreign policy is the fact that Argentina and Brazil are Paraguay's main commercial partners, accounting for 50 percent of its imports and 30 percent of its exports, according to official data.

Obviously, these data do not include the goods smuggled across Paraguay's long borders, which according to business sectors account for more than 60 percent of the country's overall foreign trade.

In addition to this policy, marked by the need to be on good terms with its neighbors and governed by huge commercial interests, the Stroessner administration maintains very good relations with Chile, the ROK, Taiwan, and South Africa. The common denominator in this relationship is a "radical anticommunist" position.

According to an analysis in SENDERO, a newspaper published by the Paraguayan Episcopal Conference, the relations with the regimes of those four countries are commercially insignificant and provide little political advantage because of their "low international prestige."

In this regard, the monthly newspaper NUESTRO TIEMPO, directed by Catholic Bishop Mario Melanio Medina, compared a publicized donation of 1,000 pairs of ROK-made military boots with the Paraguayan absence from a meeting that Argentina, Brazil, and Uruguay, "the new democracies," held in Montevideo in June.

The Paraguayan absence prompted the two liberal parties that are taking part in the so-called "Stroessner process" to sponsor one of the few questionings of the executive branch in congress.

Foreign diplomats have said that in 1985, the most relevant visit by a leader of a friendly country was that of Taiwanese Vice President Lee-teng Hui, in addition to visits by a Taipei municipal delegation and an ROK congressional delegation.

General Stroessner made two trips to Brazil to attend Jose Sarney's inauguration and the funeral of president-elect Tancredo Neves. Stroessner and Sarney also dedicated one of Itaipu's turbines.

In June, Stroessner had to postpone indefinitely an official visit to Bonn, which was to be the main Paraguayan foreign policy achievement in many years, apparently because of the hostility the proposed visit created in the FRG and in Europe.

Former Ambassador Antonio Salum Flecha, a ruling Colorado Party dissident and also a university teacher, has said that because of its official anticommunist stand, Paraguay cannot maintain commercial relations with Eastern Europe, despite the need for new markets for its farming.

Quoting Chilean political observer Heraldo Munoz, SENDERO said that Paraguay is "politically isolated" because of "the government's inability to establish and maintain positive and active external contacts."

Jose Felix Fernandez Estigarribia, a lawyer and expert on international law has said that Paraguay's "image of authoritarianism" has frustrated the attempts to place a former foreign minister in a seat at the International Court of Justice at The Hague, and another one at the head of the OAS General Secretariat.

/12232  
CSO: 3348/334

PARAGUAY

LABOR LEADER CRITICIZES UNION-FREEDOM LAW

PY242223 Asuncion LA TARDE in Spanish 23 Dec 85 p 23

[Text] Referring to the law guaranteeing job stability for union leaders, Gabriel Ojeda, leader of the National Construction Workers Federation [Sinatract], has stated: "We are not protected by this law."

Ojeda, who now heads Sinatrac because the secretary general has taken leave for health reasons, said that because this union is not recognized by the authorities the law does not protect them at all.

Ojeda explained that "the law states that leaders elected by the workers will enjoy the protection of that law but the law will apply only to those leaders recognized by the labor authorities, which radically changes the initial statement."

Ojeda added that if only the first position were maintained it would be very positive. What is valid is the workers' recognition and not that of the authorities through bureaucratic procedures."

Ojeda said: "This law will not be fulfilled, just as many other stipulations of the labor code have not been fulfilled, such as 8-hour work days, Christmas bonuses, a minimum wage sufficient to cover the workers' basic needs. None of these things will be fulfilled until the workers movement is strengthened."

Asked whether the workers need a law with those characteristics he said, yes, "provided they are valid for everyone because some of our fellow workers such as Juan Carlos Paez were dismissed. The law does not protect us, although we have the support of hundreds of workers."

Ojeda concluded by denouncing the systematic attack on trade union organizations, for example the current case of the metal workers who could not hold their meeting because of an "order from above." He added: "We are facing a contradiction, because if we ask permission to hold a meeting, it is denied, and if we hold it without permission they come and suspend it. It is obvious that in our country there is no union freedom."

/12232  
CSO: 3348/334

PARAGUAY

EFFECTS OF FOREIGN DEBT SERVICE EVALUATED

PY052346 Asuncion ULTIMA HORA in Spanish 4 Jan 86 p 9

[Text] The servicing of the public foreign debt of the central government will increase from 12,153,800,000 guaranies in 1985 to 15,216,700,000 guaranies in 1986 according to the new budget.

The increase of 3,062,900,000 guaranies for interest and amortization of the debt represents an increase of 25.2 percent in relative terms.

The budget for servicing the public foreign debt is linked directly to the exchange rate which was increased from 126 guaranies per dollar in the 1984 fiscal year to 160 guaranies per dollar in the 1985 budget. This exchange rate is being maintained for the 1986 budget.

The exchange rate adjustment applied to the 1985 fiscal budget represented an increase of 55.9 percent for the servicing of the central government debt, from 7,795,100,000 guaranies in 1984 to 12,153,800,000 guaranies in 1985. The budget for the debt interest increased from 4,114,600,000 guaranies to 6,035,600,000 guaranies, and the budget for amortization of capital increased from 3,680,500,000 to 6,118,200,000 guaranies.

In reality the debt commitments in foreign currency only increased 22.77 percent, from \$61.86 million in 1984 to \$75.95 million in 1985. Had the exchange rate been maintained at 126 guaranies per dollar, the budget for servicing the debt would have increased from 7,795,100,000 guaranies to only 9,571,100,000 guaranies, that is an increase of only 1.776 billion guaranies or 2,582,700,000 guaranies less than the real increase.

For the 1986 fiscal budget a political decision was made not to change the 160 guaranies per dollar exchange rate for the payment of the public foreign debt.

The growth rate for servicing the foreign debt in dollars increased from 22.77 percent in 1985 to 25.2 percent in the 1986 budget when the absolute figure of \$75.95 million increased to \$95.09 million but the increase in guaranies was from 55.9 percent to 25.2 percent [as published].

In fact the budget for servicing the foreign debt was increased by 3,062,900,000 guaranies for the 1986 budget which is higher than the 4,358,700,000 guaranies increase approved for 1985 of which 2,582,700,000 correspond exclusively to the exchange rate difference.

If the impact of the exchange rate adjustments in the public budget is analyzed, the Finance Ministry's reluctance to admit such variations is understandable.

If the servicing of the central government's foreign debt is maintained at \$95 million for the 1986 fiscal year, the exchange rate adjustment from 160 to 240 guaranies per dollar would increase the budget of interests and amortizations from 15,216,700,000 to 22.825 billion guaranies.

In this case the budget for servicing the debt would increase 87.8 percent, from 12,153,800,000 guaranies in 1985 to 22.825 billion guaranies in 1986. This represents 10,671,200,000 guaranies more.

If the exchange rate were increased to 400 guaranies per dollar, an increase requested by the World Bank, the budget for servicing the foreign debt would increase to 38,041,700,000 guaranies in 1986 as compared to 12,153,800,000 guaranies in 1985. This would be an increase of 25,887,900,000 guaranies in absolute figures or 213 percent.

Such an impact would only be partial considering that this estimate only affects the budget for servicing the central government debt. To this debt we should add the obligations of the public foreign debt of decentralized entities which is about \$60 million.

In addition, if an exchange rate adjustment occurred the imports of the public sector would be affected, because the regular resources would not be enough to finance the imports.

The 25 percent increase for servicing the central government debt, without changing the exchange rate, is already considerable in budget terms.

/12232  
CSO: 3348/334

PERU

PUM'S DIEZ CANSECO: 'WE WILL RESPOND WITH VIOLENCE'

Lima EL DIARIO DE MARKA in Spanish 24 Nov 85 pp 12-13

[Interview with Senator Javier Diez Canseco, secretary general of the PUM, by Juan Cristobal; date, time and place not given]

[Text] [Question] What is the current situation of the Senate Human Rights Committee (CDH), to which you belong, since the resignation of its chairman, Javier Valle Riestra, under pressure from his own party, the American Popular Revolutionary Alliance (APRA)?

[Answer] Since before his resignation, the CDH was at a standstill; it had decided to end the investigative phase, deliver its report and submit it to debate in the House.

[Question] Which did not happen.

[Answer] Precisely. It has a tendency to be postponed, especially with Valle Riestra's trip to the United States.

[Question] And when will it be debated?

[Answer] I think by early December. We won't allow any more stalling.

[Question] What if that doesn't happen?

[Answer] We will see. We are evaluating that possibility so that we can take the necessary steps.

[Question] In terms of political intuition, why has this situation come about? Who do you suspect is behind all this?

[Answer] The National Security school of thought and its anti-subversion strategy, which has been applied since the previous regime.

[Question] How would you define that doctrine, in a few words?

[Answer] The Committee defined it very well: "It is a series of illegal, illegitimate actions, including the destruction of certain areas, disappearances, arrests, torture . . .

[Question] What can be done about this doctrine, then?

[Answer] Defeat it with the mobilization of Peace with Social Justice, "Not one death more." That is the only way to put an end to the militarization of the country and the strategy of violation. Either we reconcile ourselves to National Security or we combat National Security.

[Question] Which does the CDH favor? And Parliament?

[Answer] It favors stonewalling. Both the CDH Report and the motion that was presented a month ago to enable the CDH to complete a thorough investigation, including the graves in Umaro and Bellavista, the recent massacres--everything has been stonewalled.

Minister's Statements?

[Question] And has there been no discussion of the statements by Minister of War Jorge Torres Flores, which one might say are a hint of a coup mentality?

[Answer] We made a motion to repudiate those statements because they justified state terrorism, calling Sgt Maj Telmo Hurtado a "soldier for democracy." And I have more than a suspicion as to why it has not been considered.

[Question] The military, right?

[Answer] Particularly in its relationship to the government, the high command of the Armed Forces and the current strategy.

[Question] Which would reflect what the military thinks.

[Answer] Undoubtedly admiration for Cisneros Vizquerra. Because those statements by the minister of war cannot but prod the conscience of the sensitive and patriotic sectors in this country.

[Question] And how did Parliament respond to that motion?

[Answer] By stonewalling any discussion. But I know that the APRA Parliamentary Caucus has dealt with the problem, and that is why the minister was pressured to make a subsequent statement claiming that he hadn't meant what he said. For example, he said that he did not refer to Hurtado as a "leader of democracy, only as a fighter, and I said that before the massacres."

[Question] Which amounts to the same thing.

[Answer] Right. Creating more confusion.

APRA Stewing

[Question] Don't you think the president has a different attitude and dynamic than his parliamentary delegation?

[Answer] I don't have very detailed information on that, but it is true that Alan Garcia has been bolder in his confrontation with the Armed Forces.

[Question] On what do you base that assertion?

[Answer] Because he has sponsored a bill to subordinate military rule to civilian rule, so that he will be recognized as the supreme chief of the Armed Forces, even though the Constitution already stipulates that.

[Question] But was it a controversial subordination?

[Answer] Yes, because he tried to impose a firm hand in the matter of the secret graves in Accomarca, demanding that the Joint Command provide an explanation. The same was true of the departure of Praeli, who was the commander at the time, as well as the withdrawal of the chief of the emergency zone and the case of the chief of the Huamanga sub-zone.

[Question] But that situation seems to have subsided.

[Answer] Not only has it cooled down, it has come to a standstill.

[Question] Is there any other action by the president to salvage the situation?

[Answer] He has silenced the demands to investigate Umaro and Bellavista.

[Question] And doesn't all that have something to do with the mass media, which don't report anything anymore, neither television nor the written press?

[Answer] Of course. The most convincing proof came when the owners of the television networks were called into the highest level of government to be informed that terrorism had two basic sources of energy: hunger and poverty, for which some very limited development projects were going to be implemented, and reports in the media, which was why they were being told to silence all accusations related to this problem. And it is obvious that the reports have changed, and that political programs such as those by Hildebrandt and Ampuero have been subjected to explicit pressure. Some do not want to acknowledge this, but the Joint Command even went to Channel 9 in response to the opinion expressed on the two programs about the unrealistic administrative sanctions imposed on those responsible for Accomarca and Pucayacu. Thus, the president's dynamic thrust has been reversed, to the point that he appeared with the minister of war 48 hours after such rash statements were made in a shantytown, to announce sports complexes, something the Command itself would do. This is unheard of. Locking the barn door after the horse has escaped.

[Question] And what other "excesses" of the president can you point to?

[Answer] Many. Let's look at two. The administration proposes an increase in the budget, which amounted to 1.4 trillion sols. Of that total, 640 billion sols, nearly 62 percent, was for four ministries: War, Navy, Aviation and Interior. Another example was the refusal to release the political prisoners from the jails; 300 of them are from United Left (IU), and they also include union leaders, peasants and university students. Moreover, the absence of any amnesty provision, which would cover those who have taken up arms so that they could choose a different route, within a plan for total integration to combat imperialism, regain national dignity, guarantee the most extensive democracy, and lay the groundwork for a new Peru.

#### Human Rights and Revolution

[Question] Do you think it is possible to take the route you have indicated? Don't you think that the more realistic path passes inevitably through revolution? In other words, that the democratic route has to be armed?

[Answer] I don't understand your explanation.

[Question] That revolutionary change in the country is only possible if the people take up arms, and no other way.

[Answer] I think that any revolutionary process involves convincing the vast majority of the population to participate. It cannot be a messianic movement in the hands of a small group, nor can persuasion take place with terror or fear. And we should never ever forget our position on human rights, on the Armed Forces and their anti-subversion strategy. But I want to clarify something. I do not believe there is total cohesion in the military; I believe there are factions, as shown by the Velasco phenomenon. So I don't think there is blind adherence to the dictates of the schools in Panama.

[Question] And how can the National Security doctrine and its strategy be defeated in specific terms?

[Answer] By formulating, within the framework of the Peace with Social Justice battle, a new national security order, with very different foundations. It must consider the defense of sovereignty first of all, but within the context of economic, cultural, practical political and nationalist considerations.

[Question] And what would be the requirements of that plan, which is utopian in my opinion?

[Answer] Broad popular participation. Defense of the people internally, drawing on their historical experience. Pursuit of a national defense policy based on multilateral relations. Curbing any subordination to the military. Taking up the banners of non-alignment. And within the Armed Forces themselves, adherence to elementary democratic principles such as civil political rights, the right to file claims, to demand better working conditions, and others.

[Question] You have listed various invisible impediments to the conduct of a proper investigation of the latest massacres in the country. How do you think what you have described can be reversed, through parliamentary action, perhaps?

[Answer] The struggle should not revolve around Parliament, now or at any time, even though it is a sounding board for a number of positions that could be favorable. But the alternative of POPULAR POWER is not forged in Parliament, but rather under circumstances in which the organized people can exercise their power, change the correlation of forces, develop their consciousness further, and strengthen their decision-making abilities.

[Question] And does IU have all that?

[Answer] IU has never indicated that its focus of action was in Parliament, or in the municipalities, although they may contribute . . .

[Question] But they have not organized and have hardly contributed anything.

[Answer] In some aspects they have, but with limitations.

[Question] Very serious ones.

[Answer] With different nuances and circumstances.

#### The People and IU's Contradictions

[Question] And how do the people participate?

[Answer] Through the focal points we have mentioned: the unions, the regional organizations, the ghettos, the students--everything involved in building a political base, a party, a front, the struggle for democratic regionalization, to modify the correlation of forces, because there is no denying that APRA still has the initiative. And if that road leads us to bourgeois violence, we will respond with popular violence.

[Question] I still think it is unrealistic and utopian. And when does all this happen?

[Answer] In a vast popular movement.

[Question] By the way, how is IU doing?

[Answer] One of the focal points is the front, and that is why we are building it.

[Question] And why don't you state your strategy clearly?

[Answer] We will.

[Question] I say that, because I see in IU political expressions that have various strategic orientations, and especially various ideological

foundations. So its concept of, let's say, power is different from that of a responsible Marxist party.

[Answer] But it is true that IU as a front has subtle differences within it.

[Question] But there are fronts and there are fronts. Strategic fronts and tactical fronts. The latter propose struggles and make demands, . . . but within the system. And the former, which have a common ideological foundation, strive to change the system. But the IU is not the latter. And if it is the former, it is not coming together.

[Answer] I see the problem differently. A front comes together on the basis of a common ideological perspective, to the extent possible. And if not that, on the basis of the unity of different elements, within unity. For example, not all of us have the same concept of socialism. We in the PUM advocate "a socialism of the masses and popular self-government," while others talk of statist socialism. And these differences exist within IU.

[Question] And what, in your view, is the central problem in IU?

[Answer] The degree of consistency between theory and practice.

[Question] But that brings us to a discussion of the semantic theory of symbols or words.

[Answer] There is an initial IU document that says things like: "The struggle is for the government and power."

[Question] Excuse me, but isn't there a trap in the middle?

[Answer] We went on to say: "The struggle of IU is for the government and power, which is based on the organized people."

[Question] And don't you find those words divorced from IU's real situation?

[Answer] No, because it is possible to carry out what we said. Of course, there are still problems of consistency, and there is a lack of serious criticism or self-criticism.

[Question] Incidentally, IU has not taken a stand on the statements by the minister of war. Why not?

[Answer] IU recently took a joint position which says, in the resolution portion: "To vigorously repudiate the statements by the minister of war because they are offensive to the CDH and damaging to the Senate, while constituting an excuse by someone who has implicated himself in criminal acts." It goes on to state: "To call upon the president to take the necessary measures to deal with a situation of well-known gravity."

[Question] And why has this not been made public?

[Answer] Because of the stifling of the press that we referred to. Fortunately, the statement we are going to issue over the next few days regarding the APRA bill will be very clear-cut, differentiating bills and alternatives and factions.

[Question] The problem will once again be one of consistency.

[Answer] That's right.

#### The Future of the CDH

[Question] Returning to the issue of human rights, what future do you see for the Committee?

[Answer] A very problematic one. You can imagine, if it has come to a standstill after only 4 months of government, while it lasted 2 1/2 years under Belaunde, then it will be very difficult to resurrect.

[Question] Why?

[Answer] Because APRA has realized the potential of an issue such as human rights.

[Question] Can you explain that?

[Answer] A CDH is always a thorn in the side of any government, because there will always be a monitoring of society and power.

[Question] Even under socialism?

[Answer] Even under socialism—why not?

[Question] Returning to our question. So APRA has stonewalled any attempt at debate, but also the anti-corruption campaign, right?

[Answer] Right.

[Question] And what solution do you see to that?

[Answer] Forming a genuine National Human Rights Commission, outside Parliament, not official, but civilian and independent of the state, made up of prominent individuals and representative institutions. And also very pluralistic.

[Question] And are steps being taken in that direction?

[Answer] The Human Rights Coordinating Office is a very important step right now, but it still needs more impetus. I think IU should play a vital role, because human rights are one of the key problems in building real democracy.

[Question] And a just one. That is why we are dealing with this.

[Answer] The issue of human rights is emotional, because generally when dealing with human rights it is easier to see the oppression and exploitation. And every time human rights problems are denounced, the bricks of the state edifice begin to crumble and fall. This is obviously a controversial issue.

[Question] We know that Armando Villanueva was or is the second vice-chairman of that CDH, which was chaired by Valle Riestra, and that he is a man who knows how to express himself and make himself heard when he wants to. Why do you think he went unnoticed?

[Answer] Villanueva opted for the "low profile," trying not to exacerbate relations with the military. That was why so many concessions were obtained on specific political objectives.

[Question] And at a propitious moment for the APRA government.

[Answer] And that was his mistake, because the government was at its apogee, and APRA could have taken better advantage of the situation. But its secretary general refused to, so it was diluted and slipped through APRA's fingers.

#### Postscript

[Question] Finally, what comment can you make about the fact that the Interior Ministry has announced that it will create a Civilian Vigilance Corps, with members who have left the Armed Forces? What can happen, knowing APRA's legacy with respect to discipline and anti-communism?

[Answer] I am against anything that amounts to the compulsive militarization of society. If the task is to organize, protect and care for the public order, then the people's organizations should be in charge of that. Just as the "rondero" patrols do in Cajamarca, because only the people can bring about democratic discipline, not the state.

8926  
CSO: 3348/271

PERU

NEWSPAPER CALLS APRA LABOR BILL NEGATIVE, REACTIONARY

Lima EL DIARIO DE MARKA in Spanish 29 Nov 85 pp 10,

[Commentary by Teodosio Gilvonio Conde; passages enclosed in slantlines printed in boldface]

[Text] In the last few weeks, the mass media have provided intensive coverage of the Job Security Bill passed by the Chamber of Deputies. In our opinion, this bill condenses the most negative and reactionary elements of the three provisions mentioned in the background information (Decree-Laws 18471 and 22126, and Supreme Decree 011-TR).

We cannot fail to note how symptomatic it is that Dr Mario Pasco Cosmopolis contends that job security deserves a more serene and objective discussion, because "it will have retracted investment" and the interested parties have not understood it very well, when the bill essentially contains the proposals he had been advocating as a sine qua non for security.

The dangerous thing, in our opinion, is the fact that neither the Movement of the Workers and the People nor the representatives have become aware of this problem. The bill is coherently filling in the framework of "Alan's pyramid," in that it is trying to pit the organized ("privileged") sector against the unorganized ("unprivileged") sector. At the same time, it is defending private capital, naturally against the unions, federations, and centralization itself.

Nevertheless, we should also debunk the myth of job security, which /does not exist in a system of exploiters and exploited/ such as ours.

The case of socialist countries like Cuba is different; there, although there are "serious violations," the discrimination and coercion that exist in Peru are not seen there. Rather, the worker understands that production takes precedence there, while the means of production are in the hands of the state, which does indeed concern itself with the well-being of the people as a whole (housing, health, food and education).

## I. /Serious Violations/

We have the cases referred to in the following paragraphs:

- /a) Unjustified and repeated failure to fulfill obligations, the repeated refusal to carry out work-related orders from superiors, and the failure to obey internal job regulations or occupational health and safety regulations;
- f) Engaging in acts of violence or repeated dishonesty, to the detriment of the employer, his representatives, management personnel, or coworkers;
- g) Intentionally causing serious material damage to buildings, facilities, projects, machinery, and other property belonging to the employer or in the employer's possession."/

It should be noted here that Article 48 of the current Political Constitution maintains that job security is lost "for good cause, . . . duly proven," but for years we have seen how this principle is flouted ("Once the law is made, the loophole is there.")

Thousands of workers have been dismissed over the 16 years of the job security system, and the pretexts have been varied, ranging from building up a record for unjustified breaches of obligations, to acts of violence or dishonesty, and so on. It was enough merely to communicate with the Labor Authority, without even informing the affected workers.

Claims were filed with the Labor Ministry to no avail. The decisions were handed down unanimously, always using the same argument: "Principle of Authority," "Right of Management." The alleged facts were not and still are not investigated thoroughly; management's word is always accepted. The fundamental addition to these "serious violations" is the one referring to /"failure to observe internal job regulations . . ."/ even though it is known that these regulations violate working conditions, covenants and customs, in that the workers /do not participate in their formulation,/ and the Ministry does not demand any reports of labor representatives.

- /"b) Use of property at the work site or that found in the worker's custody;
- "c) Use or delivery to third parties of proceeds from the production of goods or services considered to be secret . . .;
- "d) Repeated presence at work in a state of intoxication . . . ; and
- "e) Unjustified absences for more than 3 consecutive work days constitutes a quit."/

Hundreds of workers, including primarily those in the textile industry, were the victims of disgraceful treatment by management: They were sold or given remnants without any receipt; they would accumulate them, and then they would be subject to a follow-up, and then would be "visited" by a member of the Investigative Police or the Civil Guard. Part of the material would be

gathered as "evidence," and the "corpus delicti" would be used as grounds for firing.

The Labor Authority simply accepted the word of the police, without further investigation.

False information has been used to pressure and discharge leaders of the Industrial Community.

In conclusion, none of the grounds was proven with evidence, but was simply accepted mechanically. Those in charge of handling reinstatement cases were from management, and therefore tended to resolve the matter within the confines of the system, ignoring the provisions of the Constitution.

/"II. Just Cause for Discharge: Exceptional situations based on economic or technical causes not attributable to the employer, and acts of God or force majeure . . ."/

This ruse is being used to account for situations that will continue to arise because of the crisis itself. The norm sets forth the duties of the employer, but does not provide for the situation of the worker or the family that depends on him for support.

There is no way to obtain assistance for those who have lost their ability to work, their youth, and the best years of their lives. This has made massive and indiscriminate discharges commonplace.

### /III. Prerogative to Discharge Workers and Role of Labor Communities in Claims for Reinstatement/

Processing labor reinstatement claims through the Judiciary not only means delaying the proceeding, as we will show later, but also violates the principle established in Article 51 of the current Constitution, by preventing the natural institutions of organization and defense (the union, the federation and/or the workers' central organization) from intervening in these cases. The intent is undoubtedly to try to eliminate these institutions, since they cannot be controlled.

The American Popular Revolutionary Alliance (APRA) Party has been insisting on reforming the Judiciary because it has become obsolete and is a real obstacle to justice in this country. It nevertheless advocates that the Judiciary itself, through the Prerogative to Discharge Workers, administer labor justice.

At present, it takes an average of 2 years to process claims for social benefits and community rights, with no increase in claims for reinstatement. When they are inevitably stepped up, the delay will be much worse. Moreover, there are the cases of pettifogery, at which the companies' advisers (some of them Aprists) are so adept, and which will delay matters until Judgment Day.

**Conclusions:**

--First, an appropriate procedure should be guaranteed so that these "serious violations," can be duly investigated and proven, and so that these regulations are not flouted by management, as has been the case to date.

--The bill passed by the Chamber of Deputies condenses the three most negative provisions which have threatened Job Security: Decree-Laws 18471 and 22126, and Supreme Decree 011-TR.

--The right to organization and the principle of defense are violated, and the unions are threatened with annihilation.

--The Job Security Bill reflects APRA's classist nature, and its defense of the system and of private capital.

--It also shows that job security is impossible when there is a system of exploiters and exploited, and the dependency of capital on labor is accentuated.

8926

CSO: 3348/271

PERU

### CZECH FIRMS EXHIBITING MACHINERY, EQUIPMENT AT LIMA FAIR

Lima UNIDAD in Spanish 21 Nov 85 insert

[Text] Czechoslovakia today is one of the ten most developed countries of the world, and as a member of the socialist camp it is making a major effort to contribute to the development of the economic system of friendly developing countries. Consequently, it advocates a more equitable restructuring of international economic relations to favor the interests of third world countries.

Among the activities Czechoslovakia carries out in Latin America is the construction of power projects in Brazil, Argentina and Peru.

#### Czech Energy Projects in Latin America

Energy is a matter of serious concern to the economy of every country. As for traditional sources of energy, Czechoslovakia is capable of supplying basically all types of power plants, whether small, medium or large; hydroelectric, steam- or diesel-powered. In Latin America Czech power equipment is now in service in Argentina, Brazil, Peru, Mexico and Cuba, with a total installed capacity of some 3,500 MW.

Skodaexport has delivered to the Peruvian energy system on a "turnkey" basis all technical facilities for the Iquitos thermal power plant, and is building another thermal plant of the same capacity (20 MS) together with a Peruvian construction firm in Pucallpa. Sokodaexport delivers energy equipment either as an independent supplier or in conjunction with other manufacturers in the world. Cooperation in the manufacture and supply of these goods has taken place with consortiums not only in Peru, but also in Brazil, Argentina and Cuba.

For the electrification of the interior of Peru, another Czech supplier of energy technology, Pragoinvest, provided the new electric power plants with more than 100 diesel generating sets.

#### Machinery for Civil Construction and Highways

Mining technology falls within the sphere of the exports managed by Strojexport, be it in deep mining, or complete facilities for strip mining.

Czechoslovakia is among the few countries of the world that are equipped to manufacture sophisticated equipment and technological facilities for mining projects, whether deep or strip mining; this is also closely related to geological, geophysical and hydrogeological prospecting, for which Strojexport also supplies equipment.

As for Strojexport's activities in Peru, it has participated in the geological prospecting for the draining of Lake Paron. It is interested above all in providing construction technology and mining equipment to the Peruvian market.

With respect to Peru's development programs, Skodaexport could be a potential partner in both the expansion of the metallurgical and steel industries and the construction of hydroelectric plants, as well as the development of coal reserves, the building of machinery plants for the production of energy facilities, and more. There is also potential in the area of machinery to process tobacco, and the supply of trolleybuses and electric locomotives.

#### Machine Tools

Some 700 machine tools manufactured in Czechoslovakia are already in service in Peru, both conventional ones and those required for advanced technology. Strojimport exports large quantities of this technology to Latin American countries (Argentina, Brazil, Mexico, Venezuela, Colombia and Peru).

#### Textile and Leather Machinery

Major textile technology innovations have placed Czechoslovakia in the vanguard in this field.

The advanced textile industry in Peru requires above all BD open thread spinners, P weaving looms, UTAS looms, and small- and large-diameter knitting machineries. They are in service now in many Peruvian textile factories. Almost every tannery in Peru has leather tanning technology from Czechoslovakia.

Another outstanding tradition in production and manufacturing is Czech sugar refining machinery, for both beet and cane sugar.

Among the large number of countries that purchase our products we can mention just a few: Argentina, Brazil, Cuba and Peru, which expressed an interest in receiving two mills for processing cane sugar in Cayalti. In addition to milling equipment, Technoexport also supplies equipment for the mechanical loading and unloading of the sugarcane, the transportation of the sugarcane to the refinery, the preparation of the product for milling, the manufacture of bagasse, and the efficient use of bagasse.

#### Czech Health Technology

Czechoslovakia is a major manufacturer and exporter of health care equipment. It offers a wide range of products to supply medical facilities of all sorts throughout the world. This includes Latin America, where the most important exports are dental technology and X-ray equipment. In this sphere, just one

statistic says it all: 200 ambulances have been provided to expand the health care network in the Peruvian interior; and 200 dental positions have been funded in Colombia, and 75 in Chile.

We could continue for a long time discussing the possibilities for Czechoslovakian investment in other areas, for example the shoe industry, transportation, pneumatic technology, etc. The broad base of sophisticated Czech machinery is capable of satisfying the needs of participating countries in a wide range of industrial sectors.

#### PHOTO CAPTIONS

1. Vlastimil Burian, director of the Czech pavilion.

8926  
CSO: 3348/271

PERU

## 15 USSR FOREIGN TRADE ENTITIES EXHIBIT AT INTERNATIONAL FAIR

Lima UNIDAD in Spanish 21 Nov 85 insert

[Text] Soviet foreign trade entities are participating in the International Fair of the Pacific, which has been held in Lima since 1971. This time the USSR has selected a rich variety of products to display. The main objective of our participation is to continue developing ties of friendship and equitable economic and commercial cooperation between the USSR and Peru, the host country, as well as other countries, primarily Latin American.

The Soviet Union is engaged in dynamic economic and trade relations with several Latin American states: socialist Cuba, Argentina, Brazil, Colombia, Bolivia, Mexico, Venezuela and others. The Republic of Peru holds a noteworthy position among these nations. These relations are based on economic and commercial agreements signed by the states in question. In the interest of promoting trade, the USSR took an important measure to give preference to developing nations, including those in Latin America: In 1965 it eliminated the tariffs on imports from those countries. There are functional navigation routes between the Soviet ports on the Baltic and Latin American ports, and both Soviet and Latin American vessels use these routes.

Economic and commercial cooperation between the USSR and Peru began with the establishment of diplomatic relations and the conclusion of a trade agreement between the two countries in February 1969. This pact provided, among other important things, for most favored nation status in the trade between the two countries.

The Soviet Union supplies Peru with machinery and equipment, helicopters, airplanes, tractors, and automobiles; and it buys various raw materials as well as traditional products, including coffee beans.

In the form of impartial aid, the USSR donated nearly 500,000 rubles worth of loaders, scrapers, bulldozers and trucks to Peru in 1984.

There is no doubt that there are complementary possibilities to expand the economic and commercial ties between the two countries. To study these possibilities and draw up measures to contribute to development, in 1975 the Soviet-Peruvian Intergovernmental Commission for Trade was organized. In 1979, it became the Soviet-Peruvian Commission for Economic-Commercial,

Scientific-Technical and Fishing Cooperation, and it held its 5th meeting in Moscow in 1985.

In 1980 the USSR Chamber of Industry and Commerce and the Lima Chamber of Commerce signed an agreement that provides for the exchange of economic-commercial information and delegations of businessmen, the organization of expositions, and the like.

The International Fair of the Pacific in Lima, which is a representative economic-commercial forum, will also help strengthen cooperation between the USSR and Peru. This year 15 Soviet foreign trade entities are participating in it, including Stankoimport, Traktorexport, Energomashexport, Teknointorg, Avtoexport, Neftehimpromexport, Teknopromexport, and others. The Ministry of Higher Education, the Ministry of the Fishing Industry, Goskominturist, and the Committee for Religious Affairs of the USSR Council of Ministers will also be participating. Uzbekistan, one of the 15 federated republics, is amply represented at this fair.

The Soviet Union has sent new machinery, power and textile equipment, tractors and automobiles to the fair.

The organizers of the Soviet exhibit hope that their participation in the International Fair of the Pacific in Lima will help strengthen friendship and cooperation between the USSR and Peru, develop reciprocal trade, and contribute to the mutual understanding and progress of the two nations.

PHOTO CAPTION

1. Vladislav Sinogueykin, director of the Soviet Pavilion

8926

CSO: 3348/271

ST LUCIA

GOVERNMENT SILENT ON TOP POLICEMAN'S ABSENCE FROM JOB

Bridgetown DAILY NATION in English 11 Dec 85 p 9A

[Text] CASTRIES, St. Lucia — A veil of official secrecy continues to shroud the reasons why St. Lucia's top cop hasn't occupied his chair in the commissioner's office at police headquarters here for several months.

Not that Commissioner Cuthbert Phillips has been fired or is out of the state. He can be seen driving his white Japanese van around Castries every day. Daily, he drops off his daughter at the Ave Maria Infant School in the centre of Castries, and picks her up again after her school shift ends. One also sees him having a good time at parties.

But for several months on end, St. Lucians haven't seen Commissioner Phillips in uniform, or in the official vehicle assigned to the commissioner of police.

His immediate subordinate, Deputy Commissioner Andrew Frederick, has been acting commissioner for several months, ever since Commissioner Phillips left here for an official visit to Taiwan earlier this year, following his attendance at several Interpol meetings in Europe and in the region.

Prime Minister John Compton, who is also responsible for Home Affairs and National Security, has remained extremely tight-lipped on the issue, and so has Acting Commissioner Frederick.

Connection

Commissioner Phillips was last seen in uniform when he appeared on national television during the Exotic Palm military exercises between United States, British and Caribbean troops here in September, when, in an interview with reporters, he drew a connection between the manoeuvres and the need to "protect the region against attacks by mercenaries hired by international drug smugglers, who may wish to set up their cocaine laboratories in our forests".

But at a Press conference the next day, the deputy commissioner told reporters that Mr. Phillips "was only there as an observer", and reiterated emphatically that "at the moment, I am the acting commissioner, and the one in charge". Again taken up on the issue in a live phone-in radio broadcast on the state-owned Radio St. Lucia on September 15, the acting commissioner repeated that he was "in charge", this time adding that Mr. Phillips was still "on leave", and insisting that he would say no more on the matter "at this time".

The official word within the Royal St. Lucia Police Force is that Commissioner Phillips is on leave, with some senior officials

sometimes clarifying that it is "long leave". The word is that he went on leave after his Taiwan trip, and that his leave has been "extended". But there have been no official statements or reports to confirm this; and the commissioner himself has remained silent, though not out of sight.

No response

Not even a recent frontpage headline in the *Crusader* newspaper — which doubles as mouthpiece of the opposition Progressive Labour Party of former minister, George Odum — has drawn any response from officialdom here.

In its October 19 issue, the weekly paper carried an article headlined, *Who Will Be St. Lucia's Next Top Cop?* speculating that the commissioner's absence was related to investigations being carried out by the government's Audit Department, suggesting that there were political considerations involved, and hinting that Prime Minister John Compton was about to appoint Assistant Commissioner Vernon Augustine to the top cop's job.

The *Crusader* has also hinted over the years, that there was friction within the force, having to do with divided sympathies within the rank and file behind Mr. Phillips and Mr. Augustine.

St. Lucia's youngest commissioner to date, Mr. Phillips is perhaps this island's fastest rising policeman. It was just over a decade ago that he was a senior photographer at the *Voice* newspaper here, and he was appointed commissioner over several other senior policemen with decades of service, quickly climbing the ranks.

A flamboyant middle-aged personality, he has been a quite vocal commissioner, quite outspoken about the need for improving conditions within the force, and its capacity to combat the growing use and peddling of hard drugs here.

### **Seat unwarmed**

Since March 1985, however, he has not warmed his seat at police headquarters where his deputy, Mr. Frederick has sat since then.

It was also about that time that Prime Minister Compton indicated that a "reorganisation" of the force was already under way, under advice from a British official (See **WEEKEND NATION**, Friday, April 26, 1985).

The St. Lucia leader, with direct responsibility for the force, said its re-organisation was in order "to make it more efficient in the administration of law and justice". He said the still un-named British advisor the government had recruited, had already submitted "reports which show up a lot of weaknesses . . ."

At the time, there were suggestions that the re-organisation was as a result of the eventual revelation that a murder-suspect had himself been shot several times by three policemen, con-

trary to earlier announcements by Mr. Phillips to the effect that the victim (whose body was found at the bottom of a steep cliff near the seaside just outside Castries) had committed "suicide". But Mr. Compton insisted that the two factors were unrelated.

Nonetheless, it is now eight months since Commissioner Phillips has not taken up official duties here, and his absence from office, while apparently the best kept secret in the local security apparatus, is becoming much of a talking point here, as the shroud of secrecy prevails.

/7358

CSO: 3298/253

ST LUCIA

BRIEFS

MALLET ON TRINIDAD DEVALUATION--Castries, Dec 18--St Lucia's Trade and Industry Minister George Mallet says the decision by the Trinidad and Tobago Government to devalue the dollar came as a shock to this country. Mallet, who is also deputy prime minister, said he was sure manufacturers here would consider this a very unfavourable development. He said yesterday's 33 percent devaluation of the Trinidad and Tobago dollar against U.S. currency would place the exports of St Lucia and other Organisation of Eastern Caribbean States (OECS) at an acute disadvantage against similar products manufactured in the oil-rich twin-island state. Not notwithstanding the restriction on imports into Trinidad, we are...still depending on the market, which has now become more difficult because of the devaluation, Mallet admitted. Mallet said he had written to a number of organisations to find out from them in what way the devaluation is likely to affect business with Trinidad and Tobago. The trade minister said he is convinced that the devaluation would do further damage to the level of exports out of St Lucia. [Text] [Bridgetown CANA in English 2159 GMT 19 Dec 85 FL] /7358

CSO: 3298/253

ST VINCENT AND THE GRENADINES

PAPER URGES BETTER COAST GUARD FOR FIGHT ON DRUG SMUGGLING

Kingstown THE VINCENTIAN in English 29 Nov 85 p 4

[Editorial: "Drugs, Smuggling and an Adequate Coast Guard"]

[Text] Drugs! Drug addiction! Drug smuggling! The word "drugs" rings through the world with personal misery insidious crime and national shame in its wake.

The critical situation is causing something near to hysteria in some quarters. For example there was angry reaction--real or simulated for political reasons --to the news of the NDP Government's drive to promote trade with Colombia. It is alleged that Colombia is the second largest producer of cocaine in the world. Hostility to government monitored trade would hardly appear to be justified by the pattern of the movement of illegal drugs. True, the trade follows a trail of political corruption but the corruption is intricately bound up with secrecy and subterfuge not open negotiations. If there is danger to St. Vincent and the Grenadines from the Cocaine Supply that exists in Colombia, as there may well be whether or not we trade with that country the menace will exist. Cocaine, marijuana and all the other drug threats to our youth and our morality will come through smuggling: (a) Smuggling through customs by subterfuge of connivance, (b) Smuggling by the avoidance of customs via coastlines where customs do not exist.

It seems to us that St. Vincent and the Grenadines with the long unguarded coastline of its numerous islands provides a wonderful opportunity for the smuggling of all types of goods. Smuggling of illegal materials like drugs or arms to build up stocks for transshipment or for entry for subversive purpose. Smuggling of goods which could be brought in legally if duty was paid but for which the avoidance of--duty is sought.

Because of the nation's vulnerability to smuggling unless due care and attention is given to alleviating that vulnerability, the risk of the development of disastrous smuggling operations is very real. The answer can only be a strong coast guard.

The George Mc Intosh has already built up a praise worthy reputation as a rescue craft. However a single patrol boat cannot adequately protect our many-island-coast-line with its numerous coves and bays from smugglers--especially

when it must also be available for rescuing hapless fishermen and other seafarers from the elements, poor knowledge of navigation, substandard craft and inadequate fuel supplies.

Not only should the coast guard include at least three patrol boats with adequate personnel to man them but it must be supported by the proper legal right to operate with authority against violators of our national integrity.

We honestly believe that an adequate coast guard is essential for the policing of the waters of St. Vincent and the Grenadines against smugglers. Further, smuggling constitutes a real threat to the success of the struggle against drugs.

/7358

CSO: 3298/237

ST VINCENT AND THE GRENADINES

MITCHELL PREDICTS ECONOMIC BOOM IN NEW YEAR

FL261931 Bridgetown CANA in English 1551 GMT 26 Dec 85

[Text] Kingstown, Dec 26--St Vincent and the Grenadines is poised for an industrial and general economic expansion as never before experienced, Prime Minister James Mitchell says.

In a Christmas message, Mitchell appealed to his countrymen to use 1986 to consolidate the gains his government had made this year.

The prime minister said his New Democratic Party (NDP) government had put our house in order and better than it had ever been.

He said in the new year, with the help of God and the goodwill of Vincentians, government could consolidate and continue to build a foundation for the future.

He cautioned that the nation would not drift into the promised land and that success would not come unless the people worked for it.

He declared: The world is getting to be a tougher place all the time. We are in cut-throat competition right here in the Caribbean. Let us get out there and secure for our country all that our ability can bring home, he said.

/7358  
CSO: 3298/237

TRINIDAD AND TOBAGO

FURTHER REPORTAGE ON PROPOSED 1986 BUDGET, REACTION

Details on Exchange Rate

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 pp 24,25

[Text] -- PRIME MINISTER and Minister of Finance George Chambers, presenting the 1986 Budget yesterday, explained the benefits to be derived from adjustment of the exchange rate of the TT dollar. He said he expected it to restore a measure of competitiveness to industry and tourism.

Speaking on the exchange rate, he said: "I turn finally, Mr. Speaker, to the issue of the exchange rate. The economic fortunes of the country have traditionally hinged on external market conditions for primary products, most recently crude oil which has been our lifeline.

EXPORTS

The unprecedented prosperity which the country has enjoyed since 1974 was made possible by the quadrupling of oil prices in January of that year. It is true that we had no influence on the developments in the international market; it is equally true, however, that it was only

through judicious management of our domestic affairs that we were able to extract maximum benefit for the entire national community from the fortuitous external events.

During the period of boom, in order to facilitate the new export thrust, we put in place the necessary infrastructure, namely, communication links, roads, ports, water, electricity and gas transmission line and

further developed the skills of our people.

The Government itself invested directly in heavy energy-based industry, thereby laying the groundwork for production in downstream activities. This enhanced infrastructure brought with it wider social benefits where it complemented consumption and improved amenities in the communities and, not least, it generated jobs during construction and permanently thereafter.

Since 1982 oil prices have declined in a manner which has severely eroded the real income of the community; but even though there has been considerable dampening of expectations, the reality is that the adjustment of costs,

represented by profits, rents, salaries and wages has not been commensurate with the decline in real income.

The Government has over the years sought in numerous ways — by incentives, tripartite discussions, productivity promotion, and by other measures — to facilitate the growth of production and exports. Competitiveness, or rather the lack of it, is our basic problem and this no doubt is what has led to the incessant call for protection from imports, even those from Caricom countries.

I submit that the basic difficulty is that our costs are too high in relation to those of our competitors.

This is not surprising given the upward trend in recent years of the external value of the Trinidad and Tobago dollar. Between June 1976 and July 1985, the real effective exchange rate appreciated by 80

percent. It is to be carefully noted, however, that most of this appreciation took place after 1982, a period during which our inflation rate was higher and our productivity gains lower than in the case of our major trading partners.

Moreover, the US dollar to which the TT dollar is pegged appreciated against

other major currencies by almost 40 per cent since the beginning of 1982.

A certain mystique has always surrounded the exchange rate even in large industrial countries, particularly during the years from 1945 to 1972. In that period, most countries operated a regime of fixed exchange rates within a framework

which provided for changes in such rates only in the case of a fundamental balance of payments disequilibrium.

When the rigidity of that system of fixed exchange rates threatened the very existence of the international economic order which it underpinned. Then and only then in early 1973 was there sufficient political will to treat it for what it

is, namely, a man-made institution designed to facilitate trade.

Many developing countries peg their currency to one of the major traded currencies, such as the US dollar or to a basket of those currencies.

In the circumstances, particularly where the link is to a single currency, the exchange rate floats upwards and downwards regardless of the needs of the domestic economy. Rational economic management demands that the exchange rate be demystified and that it be set at a level which will further the aims of domestic economic policy.

#### BENEFITS

There are substantial benefits to be derived from an adjustment of the exchange rate of the TT dollar at the present time.

First and foremost this will restore a measure of competitiveness to industry and tourism.

Secondly, it would be a fillip to investment, particularly that financed from foreign sources, since the perception of an overvalued currency might well cause investors to adopt a wait and see attitude.

Increased competitiveness and investment will lead to higher production, expanded exports and more jobs, with consequent positive impact on Government revenues and therefore the wherewithal for increase public expenditure. There are, however, some inevitable costs, notably the lowering of the ability of citizens to purchase imports.

In order to achieve maximum benefit from an exchange rate adjustment it is imperative that costs of essentials be contained. The competitive edge sought will not otherwise be gained. So conscious are we of this imperative that the Government will go to the fullest lengths to contain costs.

In these circumstances, it is my considered view that the most advantageous way by which this can be achieved is the operation of a dual rate. There will be no change in the rate applicable to a range of foods, drugs, agricultural inputs and school books; in fact, most of these items have, for purposes of containing the cost of living, been exempt from the stamp duty on bills of entry levied in 1985.

A full list will be published, and the items brought under mandatory price controls at the existing prices. The Government is prepared to legislate a freeze of these prices should this prove necessary. The Government is also determined to contain the price of energy and to this end will instruct the nationally-owned oil companies to keep petrol, kerosene, LPG and all other sources of energy at prices prevailing today.

#### PROFITS

With no case for increase on this account in the price of basics, energy and, by implication transportation, the impact of this measure on the cost of living will be minimal. We have taken care to ensure that price increases will be contained. The national community must on its part, in order to reap the full benefits which we are confident that this measure can bring, contribute to the collective effort by restraint of profit margins, levels of rent and wage and salary increases.

Mr. Speaker, the 10 per cent tax on the sale of foreign exchange is forthwith removed and, with immediate effect, the exchange rate will be set at TT\$3.60 per US dollar except for the items referred to earlier, to which the old rate of \$2.40 to the US dollar will apply.

#### LOANS

As a result of the measures which I have outlined recurrent revenue will rise by a net sum of \$1,680.5 million and recurrent expenditure will rise by \$335.9 million. I also propose to move in Finance Committee an addition to recurrent expenditure of \$19.5 million. Consequent on these adjustments a surplus of \$857.8 million will be achieved on current account which will be applied towards financing our capital expenditure of \$2,067.9 million.

In addition, capital receipts are expected to yield \$196.2 million so that \$1,054.0 million or some 51.0% of capital expenditure will be financed from our own resources. The balance of \$1,013.9 million will be met from the net proceeds of borrowing of which foreign loans will account for \$829.5 million."

Economic Stimulation

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 pp 26,27

[Text]

**FISCAL** measures planned in the 1986 Budget include stimulation of employment and economic activity. Prime Minister and Minister of Finance George Chambers also announced measures to increase savings. Outlining the proposed fiscal measures, he said:

"I turn now to specific fiscal measures which I propose to implement in 1986. These measures are in addition to various policy initiatives and other actions which I have announced earlier in this Statement when dealing with sectoral issues."

**MEASURES TO STIMULATE EMPLOYMENT**

The strategy of this Budget is to increase output and employment. I do not, however, intend to leave it entirely to market forces to bring this about but will take specific measures to generate economic activity and encourage the creation of new jobs.

**AN EMPLOYMENT ALLOWANCE**

First introduced in 1974, with retrospective effect to 1972, has not been claimed to any extent by business, apparently because of restrictions on eligibility in terms of size of enterprise, the nature of the business, and the perceived inadequacy of the size of the allowance as well as of the procedure for making claims.

With effect from fiscal year 1986, I propose to introduce the following changes in respect of the employment allowance:

— all enterprises, regardless of their size and area of activity, will qualify for the allowance;

— claims for the allowance will be applicable only to jobs which carry a salary not exceeding \$4,000 per month;

— the allowance will be set at a rate of 150 per cent of the actual wage paid in respect of net new employees, other than family members, engaged on or after January 1, 1986.

It is our intention to extend the benefit of this allowance to

include the retraining and redeployment of workers in lieu of retrenchment, the precise mechanisms for effecting any such arrangement to be devised in tripartite discussions under the aegis of the Ministry of Labour, Social Security and Co-operatives.

The youth in particular merit special consideration, so many having completed school and joined the job market in recent times. In addition to the incentive of the employment allowance I propose to allocate an initial sum of \$1 million which will be administered by the Ministry of Sport, Culture and Youth Affairs to assist in the stimulation of self employment for this group of citizens, either individually or as groups. This sum will be administered by the Ministry under guidelines to be determined.

**MEASURES TO STIMULATE ECONOMIC ACTIVITY**

In keeping with its undertaking, Government has decided to implement with effect from January 1, 1986 the Nassau Accord which provides for a surcharge of 15 per cent on specified imports from extra-regional sources as a means of protecting industry in Caricom countries.

This measure is expected to yield \$19.3 million.

In view of this action and as a means of further stimulating local industry, I propose the removal of the Stamp Duty of 12 per cent on bills of entry in respect of raw materials and other inputs into industry, including agro-industry. As Honourable Members will be aware agricultural inputs are already exempt. In addition the stamp duty on pre-recorded cinematograph films will be removed.

This measure will cost the Exchequer \$66.3 million.

The Purchase Tax of 10 per cent on packaging materials used by local industry will be removed.

This measure will result in a loss of revenue of about \$5.3 million.

The fee of \$200 for the extension of landing certificates in respect of visitors will be abolished.

The system of taxation of individuals and corporations is an im-

portant factor which conditions the general environment of economic activity. Government considers it useful from time to time to review the system of taxation and has, in the past, utilised the vehicle of the tripartite fiscal review committee for this purpose.

Although the last such review was completed as recently as 1981, general economic conditions have changed sufficiently to warrant another systematic examination of the tax system in Trinidad and Tobago.

I propose to appoint such a Committee under the Chairmanship of Mr. Frank Barsotti, Permanent Secretary in the Ministry of Finance and Planning, to review the incidence of taxation prevailing in Trinidad and Tobago, both direct and indirect, and to make recommendations.

The names of the other members of the Committee will be announced after appropriate consultations and the Committee will be required to report by March 31, 1986.

**MEASURES TO INCREASE SAVINGS**

The Government has in earlier Budgets introduced incentives to stimulate savings, most recently the National Tax Free Savings Bonds. In order to further stimulate savings, I propose:

— to increase the limit of the tax exempt interest earned on savings and deposit accounts from \$3,000 to \$5,000 per year;

— to extend this facility to deposits with non-bank financial institutions and building societies; and

— to grant to purchasers of units from the Unit Trust Corporation a deduction of \$2,500 per year in respect of the purchase of additional units, the same facility as applies to purchases of shares in credit unions and co-operative societies.

Mr. Speaker, in relation to the purchase of shares in credit unions and co-operative societies, it is of interest to note that in respect of 1984 income a total of almost 53,000 claims for a sum of almost \$80 million have been made to the Board of Inland Revenue.

In keeping with policy enunciated in recent years, I propose to continue the process of rationalisation of the number of rates of this tax. The new rate structure will encompass four (4) ad valorem rates, namely 10 per cent, 30 per cent, 50 per cent and 75 per cent instead of the present six rates, namely, 10 per cent, 15 per cent, 30 per cent, 45 per cent, 50 per cent and 75 per cent.

In the process, all goods now subject to tax at the rate of 15 per cent will be taxed at the lowest rate, that is 10 per cent and the few items, mainly alcoholic beverages, currently taxed at the rate of 45 per cent will attract tax at the rate of 50 per cent.

This action will result in a net gain in revenue of \$3.5 million.

I propose to extend the coverage of the purchase tax to include various goods which in an earlier period were subject to this tax. The rate to be applied is 10 per cent. The purchase tax on cigarettes and other tobacco products which is levied at a specific rate will also be increased. A full list and details will be published in the Provisional Collection of Taxes Order, (No. 2) 1985. It is expected that the additional revenue yield of these measures will be \$78.3 million.

#### IMF MISSION

The modifications of the purchase tax regime are consistent with the principles recommended by a Technical Assistance Mission from the International Monetary Fund which visited Trinidad and Tobago in 1983 at the invitation of the Government to examine the form of general sales tax most appropriate to our circumstances. The modifications to the purchase tax introduced represent a progressive movement towards full implementation of a general sales tax. To further reinforce these advances, steps will be taken during 1986 to develop capability in the Board of Inland Revenue to take over administration of this tax from the Customs and

Excise Division in 1987.

In the meantime, appropriate legislation will be brought to Parliament to enforce collections of purchase tax.

#### TAXES ON SELECTED SERVICES

In anticipation of the introduction of a general sales tax, certain services have been brought

within the tax net in recent years. In continuation of this process, I propose to introduce a tax at the rate of 10 per cent on the sales value of overseas tour packages and on the rental of motor vehicles except in the case of bona fide tourists.

This measure is expected to yield \$1.0 million.

A variable levy on imported milk and milk products will be set by the Minister of Industry, Commerce and Consumer Affairs, the proceeds to be applied to the sup-

port of the domestic dairy industry. In setting the levy, the Minister will take into account the import price of milk products and the likely effect of the levy on their retail price. Legislation to give effect to this will be brought before Honourable Members after appropriate consultation with the relevant interest groups.

#### LAND AND BUILDING TAXES

The Government is mindful of the rehabilitation of cocoa, coffee and citrus plantations and of the extent to which private forestry is poised to make a contribution to the national economy. While we acted last year to bring about some relief from the new rates of land and building taxes, the entire question will be referred to the Fiscal Review Committee for recommendations as to the preferred method of taxation of large

plantations in productive forestry or agricultural use.

#### MEASURES TO PROTECT PENSIONERS AND SENIOR CITIZENS

Mr. Speaker, the society has an obligation to care for its senior citizens. In recognition of this, the monthly pensions of all categories of public service pensioners who retired on or before December 31, 1983 will be increased with effect from January 1, 1986 as follows:

Basic Pension	Monthly Increase per Month
Up to \$200	\$250
\$201 to \$1,000	\$200
\$1,001 to \$1,500	\$175
\$1,501 to \$2,500	\$150

Above \$2,500	\$100
---------------	-------

More than 9,400 retired public officers will benefit from this measure which is estimated to cost \$21.7 million per annum and will become effective from January 1, 1986. Part of this cost will be offset by the termination of existing arrangements under which retired public officers residing overseas have been receiving the Cost of Living Allowance intended to cushion increases in the cost of living in Trinidad and Tobago.

In order to ensure that these increases in pension payment do not attract additional income tax the Special Personal Allowance which pensioners now enjoy will be

increased from \$2,500 to \$2,700.

Recipients of Old Age Pensions and Public Assistance will also be given increases on their basic pensions and Public Assistance with effect from January 1, 1986 as follows:

Old Age Pension	\$25.00 per month
Public Assistance	increase
— for adults	\$10.00 per month increase
— for Children	\$8.00 per month increase

These increases will be in addition to:

— existing payments of grants for necessitous children who will also be receiving as students of

primary or secondary schools the usual book and uniform grants;

— the food subsidy of \$50.00 per month;

— the eligibility of all recipients of old age pension and public assistance to receive free bus passes.

#### BUS PASSES

This measure will benefit over 54,000 old age pensioners and over 34,000 recipients of Public Assistance and is estimated to cost \$20.1 million.

The eligibility to receive free bus passes now enjoyed by all recipients of old age pensions and public assistance will be extended to all persons over the age of 65."

## Stimulation of Investment

Port-of-Spain EXPRESS in English 18 Dec 85 p 3

[Text]

IN A new move to attract foreign investment to Trinidad and Tobago, the Government is considering replacing the existing Aliens (Landholding) Act with a Foreign Investment (Encouragement and Regulation) Act.

Such an Act, said Prime Minister George Chambers yesterday, would "clearly welcome foreign investment, indicate the activities where foreign investment is proscribed and outline the incentives available to foreign investors, and their responsibilities and obligations."

In his 1986 Budget Speech yesterday, Mr Chambers also foresaw a "less dominant role" for government investment in the immediate future.

He said in previous years the Government had taken the lead in a new industrial development thrust.

"It now remains open for the private sector to build on this initiative and as it does so, Government will ensure that its policies continue to be fully supportive of its endeavours," Chambers said.

Government, he said, "must reserve the right to invest, preferably in joint venture with local and foreign investors or a combination of both, in new projects which can play a strategic developmental role.

"Priority will be given to channelling new investments into production for extra-regional export markets. This imperative is dictated not only by the generally acknowledged need to diversify and augment our foreign exchange earnings but also in recognition of the fact that it is only through access to larger markets that growth can be rekindled and sustained."

The Prime Minister also disclosed yesterday it was the Government's intention "to develop a viable year-round industry grounded in the distinct and unique culture of Trinidad and Tobago and making the most of the natural beauty of our twin islands.

"A major thrust in these efforts will be a programme for new hotel development with a target of

an additional 3,000 hotel rooms to provide the minimum accommodation and other facilities necessary to make Trinidad and Tobago an important tourist destination."

As a result of discussions held with prospective investors during his visit to Europe and the Far East, "a proposal has been received for the construction of a resort hotel at Rockley Point in Tobago. The Ministry of Industry, Commerce and Consumer Affairs is also assessing a proposal for construction of a 350-room hotel in Las Cuevas."

Chambers also said with the construction of an improved runway at Crown Point Airport, Tobago, it would be able to "accommodate aircraft on direct international flights to Tobago from points such as Miami and New York."

The Ministry of Sport, Culture and Youth Affairs had also

been "developing proposals essentially aimed at deriving maximum commercial benefit from our unique culture," the Prime Minister said.

He referred to "the promotion of the performing arts" and the formation of a National Youth Steel Orchestra and a National Youth Theatre Company.

And on copyright legislation, Chambers announced that the regulations and orders "have now been approved by Cabinet and will be published shortly and the Act assented to."

On that score, the Prime Minister also said "with the objective of promoting artistic works of excellence created and performed by local artists, consideration is being given to allocating a specified minimum part of broadcast and telecast time, including prime time, to the presentation of such works."

Criticism of Devaluation

Port-of-Spain TRINIDAD GUARDIAN in English 19 Dec 85 pp 1, 34

[Article by Jerry Johnson]

[Text]

UNLESS the Government of Trinidad and Tobago grants a 90-day period of grace as was the case in Jamaica for large imports already transacted, many businesses, including manufacturers, will be destroyed in their efforts to raise the required extra millions, following Tuesday's devaluation of the TT dollar.

When Government announced its two-tiered system in the House of Representatives, it exempted from the 50 per cent devaluation, energy products, pharmaceuticals, school books and foodstuffs.

But Prime Minister George Chambers made no mention about a grace period for commitments already made by importers. Nor did the Prime Minister exempt imported raw material, machinery, and spare parts.

Businessmen, already burdened by limited cash flow to fuel operational costs, are now saddled by refinancing or rescheduling of the expected additional debt.

Mr. Matthew Gonzalves, President of the Garment Manufacturers' Association, told the "Guardian" he was so upset by the devaluation that he was in no position to talk.

He managed, however, to say that his company, Elite Ltd. at the IDC Estate, Valsayn, lost an estimated \$250,000 from the moment he opened the company's door.

Mr. Gonsalves, like Mr. Anthony Sabga, of the ANSA Group of Companies, has imported goods on the wharves but had not yet paid for them.

Mr. Sabga, one of this country's biggest importers, said he expected a devaluation for the past eight months. "We had no alternative. We were like sitting ducks. We are controlled by imports," he added.

He said he had paid for some of his goods. His company would need millions of dollars to replenish stock levels.

#### MORE LIKE 70 PC

The 50 per cent devaluation, he said, was more like 70 per cent when import duty and purchase tax were added. He hoped the financial institutions would come to the assistance of the mercantile community.

The commercial banking sector is firm, however, that barring exemptions announced by the Prime Minister in the 1986 Budget, all clients will pay the new \$3.60 rate.

Banks, though, are prepared to reschedule debts of clients, individually. Mr. Al Skovmose,

Director of the Bank of Commerce, said: "We have to take a sympathetic look because we have to keep them in business."

Some importers, Mr. Skovmose said, might increase the price of current stock to cushion the additional debt. But whether the market could bear the price was another question.

Businessmen in the distributive trade, it appears, may have little alternative, following the expected increases in the prices of imported goods, but to follow the lead of Mr. Sabga.

The ANSA Managing Director has taken steps to diversify the company's industrial base with the acquisition of real estate for development in Chaguanas.

ANSA is in the process of completing an industrial complex there and hopes to finish four factory sheds by March and remainder by September.

But while Mr. Sabga and Mr David Wrigley, President of the Trinidad and Tobago Manufacturers Association, share similar sentiments about devaluation benefits to local manufacturers on the local, regional, and extra-regional markets, others including some manufacturers, hold different views.

Mr Anthony Lucky, President of the Block Manufacturers Association, said cynically that the construction industry was dead and

Government could now bury it.

While the block industry is zero based — it does not import raw materials — it imports spare parts, according to Mr. Lucky.

The transport industry depended

on imports, therefore the prices of trucks, forklifts and tractors, all tools of the block industry — would skyrocket. The price of pallets would also move up following an increase in the price of lumber.

Mr Lucky said there was a price war already and his employees would be unable to exist.

While there was an oversupply of blocks, with production capacity exceeding demand, there was little promise for exports. The wholesale price of a block in this country is \$2.00 when compared with 42 cents in the United States.

Because of the weight of the product and transport costs, the block industry cannot compete. The only thing to save the block industry according to Lucky, is to build.

"But who," he asked "can afford to?"

Transportation costs, would soar, when added to the already exorbitant increase in rates and charges granted to the Port Authority by the Public Utilities Commission, he added.

#### CAR SALES SUSPENDED

One motor vehicle dealer suspended car sales yesterday and a spokesman said if cars were sold at present prices, the company would suffer heavy losses. He said hundreds of businessmen were in a similar position where they have received goods on 90 to 180 days' credit.

The prices of motor vehicle are expected to be increased not by 50 per cent, but by about 63 per cent. When a dealer buys a CKD unit (knocked down parts) Government then determines the mark-up based on the amount of time and labour it takes to assemble.

Businessmen, however, are faced with further headaches arising out of increased insurance premiums.

Mr Steve Ferguson, Managing Director of Maritime Life, said premiums, for all imported spare parts, building materials, glass, and hardware would be increased.

As the cost of machinery equipment, and buildings increase, so to would insurance premiums.

"From the information disclosed in the budget, I am unable to see how the Budget measures can possibly help industry in the short term or long term," Mr John Sellier.

Chairman of the Caribbean Development Company, said in a terse statement to the "Guardian."

#### HIGHER RATE

"In the first place, I have to assume that imported raw material, machinery and spare parts will attract the higher rate of exchange since these important items were left out of the general exemptions mentioned by the Prime Minister," Mr Sellier said yesterday.

"Should my assumptions be correct, I fail to see how the Trinidad industry can obtain any lasting benefit from the draconian devaluation of its currency.

"I foresee rapid escalation of prices with consequent increases in cost of living allowances, not to mention demands for higher wages, which most industries will be unable to afford.

"This leads me to conclude that the main purpose of the devaluation is simply to obtain more TT dollars from our oil exports for the purpose of financing recurrent expenditure, he said.

#### KIRPALANI TO LOSE

THE Kirpalani group of enterprises will also lose heavily, both in retail and manufacturing operations, an official of the company told the "Guardian" yesterday.

He said: "Because of the system of credit by which the companies do business with foreign suppliers, the sudden devaluation of the TT dollar will result in considerable losses when products and material already received are paid for at the new rate of exchange.

"The new exchange rates will have a severe impact on our trade but we are still determined to maintain our pricing and employment levels for the present."

In its manufacturing operations, Kirpalani produces a range of goods such as garments, footwear, cable, cosmetics and household items.

"We will be most seriously affected here," said the official, "because we have fixed-price orders which we have already delivered and are still delivering, all made from inputs for which we will have to pay at the new rates."

He said all the documentation including EC-O approvals and licences would have to be readjusted to meet the new rates.

### Foreign Exchange Reserves

Port-of-Spain EXPRESS in English 19 Dec 85 p 40

[Text] AT the end of September, this country's foreign exchange reserves stood at \$1.8 billion or \$1,779 million, representing an import cover of about seven months, according to the "Review of the Economy" presented in the House of Representatives on Tuesday afternoon.

The review states that this figure is "still com-

fortable by normal standards." Pointing out that there was a parallel movement in the deficit in the overall balance, the review said the amount stood at \$2,162 million in 1983 and had decreased to an estimated \$631 million by September this year.

The current account balance also remained in deficit, although this improved from the \$2,117

million figure recorded in 1983 to just under \$500 million in 1985.

Overviewing the performance of the various sectors of the economy, the review stated that the impact of the fall in international oil prices continued to be felt, with the local petroleum sec-

tor experiencing a decline both in crude production and in refinery throughput.

"However, following the revision in 1983-84 of the fiscal incentives extended to the industry, the decline in activity was arrested and real output increased by nine per cent in 1984 and an estimated 8.2 per cent in 1985."

In the non-oil sectors, it was noted that these continued to contract with real output falling by 13 per cent in 1984 and an estimated 7.9 per cent this year.

Sizable declines in output were recorded in the construction, manu-

facturing, transportation and distribution sectors. However, agricultural production for the domestic market continued to show growth.

Conditions in the financial sector remained tight with the level of bank deposits declining and a fall being reflected in both the money supply and bank credit.

Given these conditions, a shortage of liquidity developed in the system and excess liquidity which stood at 7.5 per cent of deposit liabilities in 1982 stood at two per cent by the end of August.

After a weakening in

two years, deposits in the non-bank financial institutions grew by three per cent during the first half of this year compared with one per cent in the correspond-

ing period last year.

Success was also reflected in the rate of inflation which went down to under seven per cent by the end of September as compared with 17 per cent two years earlier.

### Panday Response

Port-of-Spain EXPRESS in English 21 Dec 85 pp 1, 48

[Article by David Renwick]

[Text] Describing the 50 percent devaluation of the TT dollar, the centrepiece of the 1986 Budget, as "an act of desperation, like a drowning man clutching at a feather, regardless of whom it hurts," Alliance Opposition Leader Basdeo Panday demanded to know what benefits the country was going to reap from this action when he opened the Budget Debate in the House of Representatives yesterday.

He seemed to think the Government itself might be the only beneficiary, since devaluation would provide it with increased tax revenue to "buy votes." Having "squandered the national patrimony of \$60 billion in the past 12 years and milked the nation dry by way of oppressive taxation," according to Panday, whose speech was again televised live for the second year running, the Government has "nowhere to turn to finance the 1986 elections, so they descend to the bottom of the barrel and grab the last straw--devaluation."

Revenue from almost every item of taxation had fallen short last year. The Government had also been unable to borrow as much as it hoped and devaluation was one way of filling this gap "because there is no more that can be taken from the people."

But the private sector would be unable to take advantage of it because the price edge theoretically provided by devaluation would promptly be eroded by "the higher cost of imported raw materials, increased port charges and other local costs arising out of the devaluation." Panday, well aware that he had a national audience at his disposal, lambasted the Government for "failing to do its preparatory work before embarking on so desperate a move."

While the benefit were dubious, the drawbacks were obvious, the Alliance leader charged. A rapid rise in prices was the main one. "Many firms have already raised the price even of their existing stocks--the Budget was on Tuesday and prices went up on Wednesday," he pointed out. The price of cars would rise so steeply, Panday predicted, "that demand will fall even lower than at present, with consequent loss of jobs and financial jeopardy for the assembly plants."

He thought "the full impact of devaluation on prices" would be felt "by the middle of next year" and then "the suffering of 1984 and 1985 will seem like paradise." He expected the next election to be held before then, since "that was the objective of the entire devaluation exercise."

The Opposition Leader was sceptical that the dual exchange rate system would succeed and wondered whether the Central Bank would now have to "operate as a customs department" to determine whether goods fell into the limited category for which the old TT\$2.40 to US \$1 rate was retained.

The "machinery for determining which goods qualified" was not in place and commercial banks had been applying the TT\$3.60 rate across the board since the Budget. "They do not know what to do and they are taking no chances. You either pay the \$3.60 or you get no exchange --whether it is for food, drugs, schoolbooks or what have you."

The understandable attitude of workers was also likely to undermine whatever export benefits devaluation might have yielded, argued Panday. "They will have no choice but to demand higher wages and salaries and depending on the extent of their success, the anticipated advantages of devaluation will be negative and you'd be back to square one, where the only option is further devaluation."

Panday was also scornful of the other major policy initiative in the 1986 Budget—the attempt to boost employment through a special tax-deductible allowance to employers. Under the existing economic system, "an employer will only hire a worker if it is profitable for him to do so, not as an act of charity or favour. The employment-allowance idea has not worked and will never work as an instrument for creating permanent, full-time, well-paid jobs."

What's more, devaluation might threaten employment that already existed—in agriculture, for example. "Local farmers will no longer be able to compete with imported foods because devaluation will mean higher production costs for them, while imported food will enjoy preferential treatment under the two-tier system." The Budget might well have "put the final nail in the coffin of agriculture."

NAR Views

Port-of-Spain EXPRESS in English 21 Dec 85 p 48

[Article by Ria Taitt, EXPRESS Political Reporter]

[Text]

THE National Alliance for Reconstruction rejects state involvement in economic enterprise merely for reasons of prestige and short-term political gain.

So said Winston Dookeran, economic spokesman for the Opposition. Dookeran's contribution to the Budget Debate in the House of Representatives yesterday was two-pronged. The first half was an attack on the economic policies of the Government, focusing specifically on the view that the Opposition had in the past pointed to many of the flaws in the economic system. The second half was the alternative programme of the NAR.

The NAR strategy, he said, was to promote economic growth from an internal thrust as opposed to an external thrust (via foreign investment). Among the measures he proposed were the allowances for business on the basis of local value added, particularly with respect to the employment of labour as against allowances only for capital and fixed assets; tax exemption for profits re-invested; the establishment of a technology resource centre and data bank to facilitate the search, transfer, adaptation and diffusion of appropriate technology.

In order to provide for an integrated and dynamic local economy, he said, the NAR would suggest incentives and facilities to explore all avenues for sectoral and industrial linkages and to use indigenous resources. Dookeran also said that the NAR would strengthen the Bureau of Standards to lay down minimum acceptable standards for products and services.

Dookeran focused specifically on fiscal

elements for increasing the level of employment. These included tax allowances for retraining and apprenticeship schemes, tax and other incentives for the establishment and expansion of small businesses and efforts at self-employment. He also referred to specific incentives for small and medium scale agricultural production and processing which maximise the use of agricultural resources and tax incentives for payroll increases.

Dookeran said three major elements of public policy would have to be introduced. He said the private sector would have to be encouraged via tax incentives to invest in regionally depressed areas. Secondly, he argued for direct investment by the Government in areas of economic activity which are necessary to national growth and development but where there is a shortage of private capital. Thirdly, he argued for the investment in infrastructure and amenities to achieve an "acceptable norm."

Dookeran devoted considerable time to agriculture. He said that the NAR's plan would embrace the development and implementation of a Food Plan which aims at self-sufficiency in all possible areas of food production and the security and availability of food supplies to the nation at all times. He added that it would also aim at toning down the price differences between imported and locally produced items to the "favour" of local produce.

The programme, he said, would also seek to address the regional imbalances of supply and demand in the urban and rural areas and which will be co-ordinated with the processing and export sector to "minimise internal wastage."

Union Reservations

FL211900 Bridgetown CANA in English 1807 GMT 21 Dec 85

[Text] Port-of-Spain, Dec 21--The left-wing Council of Progressive Trade Unions (CPTU), one of two labour groupings here, has described the government's 1986 budget as a stop gap measure to deal with the devaluation in the economy.

CPTU General Secretary Cecil Paul, in a comment to CANA, also expressed doubt that one of the main aims of the budget--attracting foreign investment--would actually work and predicted a further rise in unemployment.

Prime Minister and Minister of Finance George Chambers announced a 33.3 percent devaluation of the local dollar, a move he said was aimed at making Trinidad and Tobago more competitive.

We have 15 percent of our people unemployed and it's going to increase, Paul said. If we do get any substantial foreign investment to industrialise, the foreign investment that is going to come into Trinidad and Tobago will be high technology/low labour intensive industries. That is where manufacturing has gone... (and) that is why there is a serious unemployment problem in the Western metropolitan countries, he added.

Paul also predicted higher prices and a drop in the standard of living as a result of the budgetary measures, including the devaluation and introduction of a two-tiered currency exchange regime.

We are an import society and it will certainly push up the cost of living and it would create some very serious problems for the average worker, he said.

That has been tried in Jamaica, the devaluation of the Jamaican dollar, and the dual currency rate, and it has not worked. I don't see it working in Trinidad and Tobago.

We feel also that the budget is projecting an IMF-type solution to the problems of the country. We feel that the IMF solution--just as it created chaos in Jamaica, just as it created chaos in Latin America, just as it created chaos in all Third World developing countries--will create chaos in Trinidad and Tobago.

#### Press Criticism

FL231736 Bridgetown CANA in English 0030 GMT 23 Dec 85

[Text] Port-of-Spain, Dec 22--Trinidad and Tobago's Sunday papers today criticised Prime Minister George Chambers' 1986 budget, which included a 33.3 percent devaluation of the TT dollar against the American.

We do not oppose devaluation as an instrument for restructuring our economy, says an editorial in the SUNDAY EXPRESS. In fact, it is necessary and desirable when the productive base is in place and poised to take advantage of exporting opportunities.

But that we do not have, whatever the number of companies that may have registered with the export corporation. Chambers knows as well as we do that such registration has little significance for the imminent ability of the company to export.

The SUNDAY GUARDIAN accuses the government of avoiding the issue of divestment of state enterprises, a promise made by former Prime Minister Dr Eric Williams.

It is now absolutely clear that the creeping socialism of which the PNM (Peoples National Movement) government has long been accused by many, this column included, is not only true, but is picking up momentum and is moving to a full gallop towards socialism, the paper charged.

The SUNDAY GUARDIAN's special correspondent said that government devaluation will affect the private sector adversely in a number of ways.

He said it would hit those businesses with outstanding debts to foreign suppliers, those who must now start purchasing at the new rate, and those with foreign loans to service.

A large number of businesses face extinction, states the paper, and this is no mere exaggeration.

Employment will be affected and government will be forced to buy over or invent make-work schemes, thereby in a circuitous way achieving the objective of getting everyone on the government's payroll, the paper added.

The EXPRESS editorial said that government has got into its present state from economic mismanagement in the past. Even the manner in which this draconian devaluation was imposed reinforces the view that the implications of this step had not been carefully considered, the paper said.

The paper said that government's revenue fell short by 1.6 billion dollars last year (one TT dollar; 27 U.S. cents) caused when taxes imposed on particular sections such as the 12 percent stamp duty proved to be counter productive rather than revenue raising.

As much as it must be admitted that the task of preparing this budget was not an enviable one, said the paper, we are long past the stage for complacency in the face of the grave mismanagement of our resources.

The paper added: what we oppose is a devaluation that is designed for the single purpose of raising government revenues, much of which will be unashamedly used to finance an election year.

Revenue Data

Port-of-Spain TRINIDAD GUARDIAN in English 19 Dec 85 p 22

[Text] TAXES on income and profit estimated at \$3,550.4 million will head the list in the projected \$7,000 million in Government revenue for 1986. Other levies amounting to almost \$1,500 million are expected to boost overall tax take to just over \$5,000 million.

This is revealed in an abstract of Estimated Revenue and Borrowing for next year laid in the House of Representatives along with the Budget presentation. The document also includes Revised Estimates of Revenue for 1985 and Actual Revenue for 1984.

Non-tax revenue is anticipated to bring in \$768.4 million representing a drop of about \$218 million below the 1985 revised figure of \$986.8 million.

Another major source of income in 1986 is the planned borrowing of \$1,000 million of which the bulk (\$829 million) is to come from overseas loans.

The overall \$1 billion loans-seeking venture

will represent an up-swing of some \$325 million on the \$676.5 million obtained this year. Actual Government bor-

rowing in 1984 was \$720.7 million.

Total revenue for 1985, according to the revised estimates, is

\$7,324.6 million. This is a shortfall of \$1,600 million of the budgeted \$8,903 figure — but above the actual in-

take of \$7,743.4 million in 1984.

Royalties on oil have been estimated at \$414.6 million for the next year, down from the \$448.5 million for this year from an initially anticipated \$460.5 million.

Where the money will come from and collection performances:

Borrows	Actual Revenue 1984	Estimates 1985	Revised Estimates 1985	Estimates 1986
<b>TAX REVENUE</b>				
1. Taxes on Income and Profits	4,298,244,436	4,570,758,000	3,797,603,000	3,550,450,000
2. Taxes on Property	14,267,634	36,000,000	23,843,000	25,753,000
3. Taxes on Goods and Services	701,774,567	960,456,800	804,268,760	899,971,060
4. Taxes on International Trade	459,706,908	897,030,000	552,351,000	530,600,000
5. Other Taxes	42,416,585	42,667,000	56,500,000	36,324,000
<b>TOTAL TAX REVENUE</b>	<b>5,516,410,130</b>	<b>6,506,911,800</b>	<b>5,234,565,760</b>	<b>5,043,098,060</b>
<b>NON-TAX REVENUE</b>				
6. Property Income	778,514,305	767,982,600	855,553,110	662,740,200
7. Other Non-Tax Revenue	99,141,185	150,168,025	131,346,520	105,670,100
<b>TOTAL NON-TAX REVENUE</b>	<b>877,655,490</b>	<b>918,150,625</b>	<b>986,899,630</b>	<b>768,410,300</b>
<b>SUB TOTAL</b>	<b>6,394,065,620</b>	<b>7,425,062,425</b>	<b>6,221,465,390</b>	<b>5,811,508,360</b>
8. Transfers and Grants	20,069,832	10,000,000	3,500,000	1,000,000
9. Capital Revenue	3,332,000	-	171,072,000	-
10. Repayment of Past Lending	1,244,559	251,906,657	16,628,800	21,735,890
11. Borrowing	720,738,977	1,216,368,000	676,550,000	1,089,400,000
12. Transfers from Long Term Development Funds	604,000,000	-	235,418,935	173,491,669
<b>GRAND TOTAL</b>	<b>7,743,450,988</b>	<b>8,903,337,082</b>	<b>7,324,635,125</b>	<b>7,097,155,919</b>

/7358

CSO: 3298/255

TRINIDAD AND TOBAGO

BRIEFS

CARONI LAYOFFS--One hundred and seventy four workers will be retrenched by state-owned Caroni Ltd before the start of the 1986 sugar crop. This is part of the 4,500 sugar workers earmarked for retrenchment over the next five years in the company's plan to restructure the sugar industry. Company's personnel manager Rennie Mohammed yesterday despatched a letter to All Trinidad Sugar and General Workers Trade Union general secretary Sam Maharaj seeking a meeting with the union to discuss the retrenchment issue. According to Mohammed's letter, 42 workers in the distillery, 52 in the field engineering at Brechin Castle and 75 at the field engineering department at Usine Ste Madeleine will have to go. The company said that the services of the workers would be terminated because the manpower needs in those areas were in excess. During the course of this year Caroni has been retrenching workers in small groups wherever excess manpower has been identified. [Text] [Port-of-Spain EXPRESS in English 14 Dec 85 p 5] /7358

CSO: 3298/255

URUGUAY

PIT-CNT DOCUMENT EXAMINES DEVELOPMENTS, PERSPECTIVES

Montevideo BUSQUEDA in Spanish 14 Nov 85 pp 12, 23

[Text] The Uruguayan union movement last week approved a document ("Evaluation and Prospects") that evaluates the events that occurred between its last congress (1971) and 1985. It begins by indicating that these have been marked "by defeats and victories." At the same time, it explains that these "are considerations that approximate an evaluation."

It states that the unions were not "the ones that led the country to poverty and foreign debt. This was done by the submissive antinational policy of the most reactionary sectors of the oligarchy that have governed the country in recent decades."

It refers then to the trajectory of the union movement, going back to the time of Gabriel Terra and, more recently, to the de facto government in power since 1973. It indicates that this trajectory "shows us the ability of the labor movement to understand the working class within the framework of the national situation as a class endowed with vision and programmatic guidelines for a national project."

As to the congress the union will hold at the end of November, it indicates that it must discuss "with calm fraternity and lucidity the past, present, and future of the labor movement...." It is "a time for objective and rigorous analysis to prepare us for future struggles that might be even harder."

The document states that the problems that the country faces today "have the same structure as 12 years ago: ownership of the land in a few hands, the banks and foreign trade taken over by foreigners, the paralysis of industry, productive stagnation and submission to imperialism and the IMF."

The document of the PIT [Interunion Workers' Assembly]-CNT [National Workers Confederation] recalls the rise of the CNT "in the period from September 1964 to October 1966" which led to "the organic unity of the union movement."

The introductory part of the evaluation document also states that, when evaluating the period from the last congress until the end of the general strike, "there were different opinions contained in two documents published at the end and attached to this report."

## How to Accumulate Forces? How to Define the Road?

The report then undertakes a chronological analysis of the events that marked the national scene beginning in December 1971. It recognizes that "there were points of disagreement in the union movement" on how to accumulate forces, how to define a road that led to "effective failure of the economic policy and the repressive and authoritarian readjustment."

The document states: "The coup d'etat was a growing, but not fatal, danger. It was a real risk, more real each day, and a challenge. Consequently, the debates in the union movement were directed at how to fight the battle."

"The debate or debates centered around the evaluation of the situation, the balance of power, and how the union movement had to accumulate forces." As a result of the discussions, the Executive Secretariat drew up a battle plan. "Tactical differences persisted but there was agreement to direct efforts toward a political offensive to achieve demands closely tied to the objectives."

## 1973 General Strike

The document then goes into the general strike called by the union movement after the coup d'etat on 27 June 1973. It indicates that the CNT had already discussed a long time before what to do in such a circumstance: "a general strike and occupation of the work centers."

The evaluation document indicates: "These were decisive times when long years of organizational and ideological maturity of the workers accumulated." It adds that, in the midst of the most serious political crisis in the country in the century, the labor movement placed itself in the center of political events, becoming the main protagonist in democratic resistance.

"Initially the coup, shielded by communiques 4 and 7, tried to confuse the people by appearing to be against corrupt politicians. However, hundreds of thousands of workers understood that what was in question was the fate of the large national majorities for a long time."

It then cites the support received by the union movement during the strike from the student movement, the Broad Front and, later, the National Party.

It recognizes that the "massive repressive action deployed from the very beginning of the strike managed to decrease the resistance of some key sectors despite the tenacity shown. Many establishments were reoccupied more than once after police or military eviction."

The report states that the strike ended on 11 July. It lists a series of decrees that led to thousands of suspensions, indictments, and dismissals. They also made the CNT illegal and issued arrest warrants for 52 leaders.

Evaluating the strike, the document states that it was impossible to hold a global discussion at the base level throughout the union. Therefore, different guidelines were given "to act organically within the union movement."

It adds: "As was expected, opinions on the evaluation of the strike were as different as the ones on the tactics of the union movement."

#### Two Documents

It then states that "although there are individual reflections as well as those by certain political groups evaluating the strike, we refer here only to two documents produced in the days that followed it by representative organizations and organisms. One is the 'Message from the CNT to the Uruguayan workers' approved by its Representative Board with an opposing vote by some unions. The other document is one approved by three union organizations--FUS [Federation of Uruguayan Sanitation Workers], FUNSA [Uruguayan Tire Plant, Inc.], and FOEB [Federation of Beverage Workers]--that became known as the document of the three F's."

(Both documents reflect the two basic points of view that first appeared in the union leadership after the June 1973 strike. The first, "Message from the CNT," was the interpretation that the majority sector of the union leadership--of communist inspiration--gave to the event. The second, that of "the three F's"--sanitation, FUNSA, and beverage workers unions--expresses the view of the sectors that made up "the tendency" or "the combative current.")

The union report then states that both documents agree in pointing out the demands of the CNT and its leading role, Bordaberry's condemnation and the 27 June coup, denunciation of the oligarchical and antinational interests behind the coup, etc.

It then begins to describe the years that followed this time, indicating that the dictatorship wanted "a docile union movement" and issued a decree to form several unions at each enterprise using the argument of democratizing the union movement.

As to union mobilization, it indicates that the members were arrested periodically. "At the end of 1975, the repression spread and the joint forces launched a veritable wave of terror." It states that 1976 and 1977 "will remain marked in the struggle against the dictatorship as a difficult period where fighting meant risking one's life."

The document then goes into the incubation and characteristics that led to the militarization of the country. It feels that the Emergency Security Measures "made it possible to involve the FFAA [Armed Forces] in the repression."

"This was the time for the exercise of discretionary power (after the coup), the practice of repression and torture, persecution of any form of opposition....These are the natural consequences of the growing application of the Doctrine of National Security."

#### Union Policy of the FFAA

Another chapter of the union document refers to the union policy of the FFAA "that had as common denominator the harassment of the classist organizations." It states that, at first, the focus of the repression "was the annihilation of

subversion." Although hundreds of union members had already been arrested and tortured, the PIT-CNT document indicates that beginning with the declaration of the general strike, "and particularly the decrees of 4 July, the repression against the CNT and the unions became systematic. A repressive social legislation was sanctioned by decree and the state encouraged informing and division. All union rights and demands were ignored."

It then refers to the creation of the labor office of ESMACO [Joint Chiefs of Staff], "an office directly under the military commands," the arbitration committees in the private sector, "based on the denial of the existence of the class struggle and advocating the need for 'harmony' between capital and labor," and the implementation of Institutional Act No. 7 "that ended the immobility of public officials."

It also recalls an initiative promoted by the Navy in July 1979 "to form a union movement subordinate to its interests" which culminated "with the demand for the release of all imprisoned union members."

#### Self-Criticism, Elimination of Overconfidence

The union report indicates that there must not be "any overconfident inflection that causes confusion about the unquestionable fact that, between 1973 and 1979, the labor movement suffered serious reverses. These reverses permitted a continued and constant drop in real wages, increased exploitation, violation of the system of union rights, etc."

The report indicates that management benefited directly, increasing its profits with the reduction in wages. It gives a detailed explanation on where that capital went.

#### Reorganization

As to reorganization of the union movement, the evaluation document establishes that it began in the period 1980-1983 (on 1 May).

"The debut of the masses during the ceremony on 1 May 1983 was not a random action....It was the fruit of organized, selfless and hard work by the resistance under the worst conditions of clandestineness, etc."

It then recalls a document of the AEBU [Association of Uruguayan Bank Employees] protesting the change of the date of 1 May 1980. This also criticized the context of the Professional Associations Law promoted by the government.

Precisely 1 May, the discussion of the law and mobilization for the plebiscite are the points of reference in the reorganization process that year, according to the report.

It then cites the assembly held by AEBU in December 1981 ("the first authorized by the dictatorship") in which it was resolved to adapt to the Professional Associations Law with the motto that it must be used by the workers "to organize ourselves and break it and fight it from within."

It recalls that, at the end of 1981 and the beginning of 1982, "a new repression of the union movement began" and some 200 leaders were arrested, including members of the CNT leadership. "However, this blow could not stop the reorganization process of the entire union movement."

It indicates the gradual reorganization of unions such as those of the beverage, FUNSA, health, textile, and tobacco workers.

The document fixes 1 May 1983 as the date of the debut of the workers in the democratic struggle and points out that this demonstration "was a landmark in the struggle against the dictatorship." It meant "the debut of a new protagonist in the political scene, the organized workers who convoked all the people to mobilize."

"The formation itself of the PIT meant that the workers went beyond the union law and took a big step toward reorganization as a mass organization."

The document then describes the events that occurred in 1983, citing the dialogue between political parties and the military in the Parque Hotel as well as the different protests carried out by all the opposition forces, especially the one on 27 November in the Obelisco.

There is also a description of the main events occurring in 1984, especially the general strike on 18 January. After it, "the dictatorship made the PIT illegal and limited its field of action."

"Despite this, work began to orchestrate 1 May which will be commemorated in Montevideo and in the interior of the country."

The report mentions the civic strike on 27 June, "11 years after the coup d'etat," which marked "the complete isolation of the dictatorship". At the same time, it criticizes the political parties because "when the time came for negotiation between the multipartisan organization and the military, the PIT-CNT heading the union sector was left out of the negotiations."

Last, the evaluation document feels that the opposition front should have maintained its unity and negotiated jointly. By not doing so, it weakened the accumulated forces. It states that the union movement presented proposals to CONAPRO [National Programmatic Agreement] based on the initiatives of the CNT and the PIT documents of May 1983 and 1984.

#### Prospects

As to the "Prospects" aspect of the union movement, the PIT-CNT states that it has come out of the dictatorship "with a great capacity for mobilization and struggle." It feels that the union movement "has become an enormous force of national importance."

It adds: "Everything indicates that it will acquire greater decisive effect on the general life of the country, both on the economic plane as well as on the sociopolitical plane."

The report maintains that the basic objective is "to deepen democracy based on social justice,...eliminating the instruments that developed the Doctrine of National Security."

The Prospects part of the document states: "The crisis that affects the nation will only be ended through unity in a program of national solutions."

The text then discusses the current economic situation of the country. It feels that the government has not fulfilled everything agreed on since "it continues to apply the neoliberal policy of the dictatorship."

It then expresses the main features of the economic line of the current government which "definitely hurts our sovereignty because it continues to depend on the dictates of the IMF." It announces its alternatives to the situation which include a "perceivable and urgent improvement in wages."

It then questions the proposal made by the Executive Branch within the framework of the national dialogue since "it implies discussing how an eventual growth in production will be distributed among the population." At the same time, it states that the refinancing of the debt, negotiated with the creditor banks and the IMF, "only covers the debt" and that the loans granted by the private banks do not change the situation.

It indicates that revitalization must include an improvement in the living conditions of the people.

The document goes into the topics of the budget, Social Security, the Corporation for Development and the refinancing of debts of the small and medium producers.

"This economic orientation of the government does not represent the interests of the people" by applying a policy "of the IMF that only benefits the banks and threatens the democracy."

7717

CSO: 3348/214

URUGUAY

**SENDIC ON PRESENT PLANS FOR TUPAMARO ORGANIZATION**

Buenos Aires EL PERIODISTA in Spanish 7 Nov 85 pp 34-35

[Interview with Raul Sendic, Tupamaro leader, on 17, 18 Oct in Montevideo by Julio Huasi: "River Makes Many Turns but Knows Where It Is Going"]

[Text] Despite his famous refusal to "pose" for the press, the legendary leader and founder of the Uruguayan MLN [National Liberation Movement], Tupamaros Faction, Raul Sendic, talked exclusively with EL PERIODISTA on Thursday and Friday, 17 and 18 October, in his residence in Montevideo, a 100-year-old house in the popular Sur district. In more than three decades of public life, beginning as a union and political organizer, no one has been able to take his picture except the military who took him prisoner on 1 September 1972. He was shot that day as he shouted: "I am Rufo and I do not surrender." One bullet took 7 centimeters of bone from his lower jaw and mutilated his tonsils, epiglottis and part of his tongue. His capture was politically eloquent. Sendic remained in Montevideo--when the defeat of the MLN was already a fact in April 1972--to "save brothers," hundreds of boys and girls who left clandestinely for exile under his exact orders, the reverse of the usual situation.

Raul Sendic Antonaccio, a descendant of peasant families of Basque, French and Italian origin, was a university student and leader of the Socialist Party. After the Cuban Revolution, he introduced the prospect of "socialism a la Uruguay." He ended up organizing the exploited workers of the Artigas sugar mills and, "with the 'peludos,'" founded the UTAA [Union of Artigas Sugar Workers], a union that held memorable marches to the capital demanding land and agrarian reform. In 1962, the time came for the MLN-Tupamaros when the proposal of the armed way won over the militant youths on the continent.

Transferred from one headquarters to another, tortured even in old cisterns, Sendic did not lose his affability, his quiet laborer's voice or his shyness. Born in Trinidad on 16 March 1925 and the father of five, Sendic will soon travel to Havana for a complicated operation on his mouth.

For obvious reasons, he had to make a considerable effort in the interview which did not just cover politics. ("The shorter, the better," he requested with obvious signs of 12 years of prison and mistreatment.) He also spoke as a poet and musician: "I really like the music of words." Sendic is one of the

authors of "Cantares del calabozo" [Poems from the Dungeon]. It was written by six of the nine leaders who were official hostages of the military dictatorship. Two songs were also composed in prison. In "Los timoneles" [The helmsmen], he states: "The river makes many turns but it knows where it is going....It will not have much importance, but I ask fate to let the hands that are reaching out in the distance find it before death." The work is performed to packed rooms in tours through the country.

These leaders also perform for crowds of people in plazas on Sundays where they respond to any concern and any criticism. The effect is a mutual current of warmth. So far, the services have not dared use professional agitators. How many politicians of any type anywhere are in the position to practice this open democracy? The following is the interview held with Raul Sendic:

[Question] How do you view the Uruguay of today?

[Answer] The people are afflicted with tremendous economic problems. Each time there is a call to demonstrate--like the union summons of 25 August--enormous crowds go out into the street. The Uruguayans also have a great desire for communication and affection that did not exist to that extent before. It could be said that these are people who enjoy socializing and going out in crowds into the street.

[Question] What is the Tupamaros' current project?

[Answer] There is great integration among the people. It could be said that much of that affection of the people has spread to the Tupamaros. That brings commitments. We are trying to promote feasible projects like colonization of the land through cooperatives. This is slow work but it is already in progress. We also promote large economic and political projects through our "Plan for the land and against poverty." However, we want to advance practical projects.

[Question] In your opinion, how is the Latin American foreign debt and continental unity facing the creditor banks and the powers that protect them being resolved?

[Answer] Bolivar once made an almost legendary speech for Latin American unity. There have been many, many other speeches for Latin American unity but nothing happened. Now, look: the Debt, with a capital D, performed the miracle. It gave priority to an almost forgotten Latin American Parliament. Governments of all tendencies have declared their intention to negotiate collectively. They have stated emphatically that the debt cannot be paid. Frightened by their own audacity, some look north. The old and tired U.S. empire does not like it at all, but there are so many things that it does not like that it cannot stop! Mitterrand came from the same north and supported Brazil and its debt. There are conflicts among the countries to the north. For example, everything that the Third World pays to the banks of the OECD (the economic organization that unites the United States, Japan, Canada and several European countries)--some \$120 billion per year--is subtracted from purchases from the industries of the OECD. Japanese industrialists must know, for example, that if we stopped paying debt service and interest to U.S.

banks, perhaps we could buy more from Japanese industry....There are many, too many contradictions, even within each creditor country for us to carry out collective retaliation. Trade through those banks is not the only way to trade. At this time, for example, trade between Argentina and Uruguay is a real exchange. The account for imports and exports between the two countries should balance out to zero each 31 December. This not only does not require banks; trade of this type can be carried out even without currency. I am sure that not even the trade between the Querandies and River Plate Indians 500 years ago was such a perfect exchange. It is very possible that sometimes when the year ended, one of these tribes still owed a deer or rabbit pelt, for example, that would have to be documented with snails....

7717

CSO: 3348/214

END